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Chairman: Mr. Özügergin (Vice-Chairman) ..... (Turkey)

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In the absence of Mr. Asadi (Islamic Republic of Iran), Mr. Özügergin (Turkey), Vice-Chairman, took the Chair.

The meeting was called to order at 3.20 p.m.

Agenda Item 93: Sustainable development and international economic cooperation (*continued*) (A/53/60, A/53/62, A/53/63–S/1998/100, A/53/69, A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/96, A/53/124, A/53/155, A/53/168, A/53/204, A/53/296, A/53/371–S/1998/848, A/53/374, A/53/396, A/53/411, A/53/412, A/53/414, A/53/416, A/53/453)

(c) Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) (*continued*) (A/53/267, A/53/512; A/C.2/53/L.19)

(f) Implementation of the Programme of Action of the International Conference on Population and Development (*continued*) (A/53/407)

1. **Mr. Töpfer** (Executive Director of UNEP and Acting Executive Director of the United Nations Centre for Human Settlements) said that the Centre for Human Settlements (Habitat) had recently been suffering from a lack of organizational coherence which had led to a decrease in the impact of its work. Several studies and recommendations had underlined the need for a set of clear and well-defined corporate policies and a more focused post-Habitat II programme. The report of the Task Force on Environment and Human Settlements had also emphasized that it was necessary to stabilize an independent Habitat Centre in Nairobi, making full use of the synergy with UNEP and the United Nations Office at Nairobi, and to concentrate on the core programme structure and normative function of the Centre. He hoped that the Task Force report could be discussed during the current session of the General Assembly.

2. His objective was for Habitat to have a unique identity and separate organizational structure. Habitat would have its greatest impact by focusing on the local level. It would establish its local contacts with the support of national Governments, and its impact would be maximized through the establishment of strategic partnerships with local authorities and also with partners in the United Nations system and the Bretton Woods institutions, especially the World Bank, the United Nations Development Programme (UNDP) and the World Health Organization (WHO).

3. Following his appointment as Acting Executive Director a decision had been taken to establish a revitalization group at the Habitat Centre; he expressed gratitude to those Governments which had provided the resources, especially those of the Netherlands, Norway and the United Kingdom. The revitalization group had submitted three reports, which should be distributed to members of the Committee. The main recommendations were contained in the second report, on management and administrative matters.

4. The first of the three recommendations was to establish a planning and coordination office with clear terms of reference and reporting directly to the Executive Director. It was needed very urgently so that the budget for the next biennium could be prepared, and the office would be operational by the beginning of November 1998.

5. The second recommendation was to assign responsibility for the technical preparation and monitoring of the implementation of the Habitat budget to the United Nations Office at Nairobi, with corresponding savings from the reduction in the workload in the Centre for Human Settlements.

6. The third recommendation was to establish a resource mobilization office also with clear terms of reference and reporting directly to the Executive Director of Habitat.

7. The revitalization group would establish a strategic vision for Habitat and the area in which its work would be focused. A clear and constructive Habitat Centre was very urgently needed for the world was facing massive demographic shifts: in the next 30 years the global urbanized population would double, and the least urbanized continent, Africa, would have up to 70 per cent of its population in cities by the year 2020. Many Governments were unprepared and under-resourced for such a phenomenon, which was likely greatly to exacerbate the existing urban crisis. It would take concentrated effort to solve such problems, and Habitat could not perform that task alone. It was essential to prepare for the urbanization processes, rather than simply reacting to them afterwards. Urban crime and violence were increasing rapidly, due to poverty, unemployment, social tensions of various kinds and the fact that the urban young felt they had no future. The problems were complex and could only be addressed in partnership with non-governmental organizations, the private sector, and especially women's groups on matters relating to housing and urban development. There must be a new culture of cooperation with local authorities.

8. **Mr. Al-Shamasi** (United Arab Emirates) said that despite the positive outcome of the United Nations Conferences on Human Settlements (Habitat I and II), an estimated 1 billion people were still suffering the effects of poverty, displacement, unemployment, environmental

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degradation and the breakdown of society, and had no adequate shelter, a situation which contributed to the rise in violence, illegal drug trafficking, terrorism and other ills. The underlying causes of such problems must be dealt with at national level, with regional and international cooperation. He urged donor States and the financial institutions to increase development assistance to developing countries and to review debt schedules.

9. Developed and developing countries alike were witnessing a large rural exodus. Development plans must not focus solely on major cities, but ensure that the needs of citizens in all regions were met.

10. His delegation was concerned at the growing numbers of people subjected to forcible internal or external displacement as a result of civil strife or foreign occupation. Large numbers of Palestinians and other Arabs had been displaced during the successive stages of Israeli occupation, and other peoples in the Balkans, Afghanistan and Africa had suffered the same fate. It was important to increase endeavours to find an appropriate mechanism to deal with the underlying causes of such displacement and to facilitate return to the original homeland. He urged the international community to bring pressure to bear on the Israeli Government to halt forthwith its policy of expropriating land and demolishing homes in order to replace them with illegal Jewish settlements, in violation of international law and the relevant United Nations resolutions. Palestinian refugees must return to their homes and be allowed to enjoy their inalienable right to self-determination.

11. His country, under the guidance of its head of State, had promulgated legislation to incorporate environmental issues into the national development process and to improve economic and social aspects of its inhabitants' lives. A number of major projects had provided satisfactory housing for all, and rural development projects had ensured that all parts of the country received basic services.

12. His country provided emergency and development assistance to a number of developing countries and carried out a number of development projects, such as the building of housing units in the city of Jerusalem. A firm believer in the concept of increased dialogue and participation and the division of responsibilities between States, his country had swiftly ratified a number of United Nations conventions relating to the environment, and made an effective contribution to bilateral, regional and international activities in the field. An example of its cooperation with the United Nations Centre for Human Settlements (Habitat) was its annual presentation of the Dubai Award for Best Practices to Improve the Living Environment.

13. His delegation supported the proposals calling for the strengthening of the role of the United Nations and, in particular, of the Economic and Social Council, in policy development and evaluation and in implementation and follow-up to Habitat II, with a view to improving living conditions for millions of people all over the world.

14. **Ms. Odinga** (Kenya) said that the need for the United Nations Centre for Human Settlements (Habitat) was as great today as when it had been established, for the problem of human settlements required greater attention than ever before. Full and effective implementation of the Habitat Agenda would require the strengthening of the Centre. Her delegation looked forward to fruitful discussions under item 30 on the Secretary-General's report on the recommendations of the Task Force on Environment and Human Settlements.

15. There was a need to increase financial latitude while maintaining transparency, and in that exercise the aim should be to consolidate the Centre rather than weaken it. The views of Member States should be taken into account and the role of donors and recipients defined and appreciated. There was a need fully to take into account resolutions 16/8, 16/19, 16/28 and 16/29 of the Commission on Human Settlements for, if implemented, they would largely resolve the Centre's administrative and management problems. It should be reorganized in a transparent manner so that its focus on developments regarding human settlements would not be affected to the point where it was rendered incapable of properly coordinating implementation of the Habitat Agenda.

16. Kenya supported the Habitat II process and welcomed the report of the Secretary-General on the convening of a special session of the General Assembly on the overall review and appraisal of the implementation of the Habitat Agenda (A/53/267). Both the preparatory process and the special session itself were vital as means of sharing experiences among partners and identifying the bottlenecks and the mechanisms for dealing with them. The special session would also review the monitoring tools, and in that regard the central role of the Commission on Human Settlements and its secretariat in guiding the process could not be overemphasized.

17. **Ms. Khan-Cummings** (Trinidad and Tobago) said that in keeping with the enabling strategy based on partnership, participation and decentralization adopted at the Second United Nations Conference on Human Settlements (Habitat II), Trinidad and Tobago had developed a number of initiatives for implementation of the Habitat Agenda, and had made progress in achieving the twin goals of sustainable

development of human settlements and provision of adequate shelter for its citizens. As part of its overall strategy to alleviate poverty, her Government had developed a range of housing options such as low- interest loans and the provision of free technical advice to assist in home construction. To meet the goal of sustainable human settlements, a growth poll strategy had been developed which was aimed at reducing the rural-urban drift. Emphasis was being placed on the establishment of urban-type growth centres in the rural and undeveloped areas of the country.

18. As part of the Government's efforts to achieve increased citizen participation in community improvement, a national commission had been established under the auspices of the Ministry of Social and Community Development with projects ranging from the physical infrastructure (water, roads and electricity) to the social infrastructure (places of worship and buildings for community and cultural activities). Policies had also been adopted to achieve gender equality in the planning of human settlements, and innovative mechanisms had been provided for the financing of such settlements. Trinidad and Tobago had also increased its cooperation at the regional level, providing technical assistance and expertise in formulating and implementing human settlement programmes in a number of Caribbean countries.

19. The special session of the General Assembly on the overall review and appraisal of the implementation of the Habitat Agenda would have the particular focus of assessing the legal, administrative and financial and human resource constraints in carrying out national plans of action; that focus would be useful in furthering the goals established at Habitat II. It was crucial that consideration of the issue of new and additional financial resources should bear fruit in order fully to implement the Habitat Agenda; that was urgently needed to assist efforts at national and regional levels to achieve adequate shelter for all.

20. There was a need for effective information, education and communication strategies concerning the links between population, environment and sustainable development; that was particularly so for small island States, a large percentage of whose populations lived on coastal zones and in urban areas. Such issues were receiving attention in the overall national planning strategies of Trinidad and Tobago. The country's Population Council was in the final stages of drawing up a plan of action for the implementation of a national population policy. That policy established explicit demographic goals. Quantitative targets had been suggested for population growth and size, fertility, mortality and migration. Both governmental and non-governmental agencies were critical to implementation of the goals of the national policy because of the multifaceted and multisectoral nature of population issues. The Population Council would have a significant coordinating and monitoring role.

21. Trinidad and Tobago had always been committed to the goals established at the International Conference on Population and Development, and would continue to work closely with regional and international organizations in meeting the Conference's goals. However, to do so, adequate financial resources had to be allocated. Her country thanked the international community for the efforts made so far, and looked forward to increased cooperation in fulfilment of the agenda of Habitat II.

22. **Mr. Yahya** (Singapore) said that unprecedented rapid urbanization and the emergence of megacities were taxing city infrastructures, particularly in developing countries. Sustainable urban development, particularly sustainable human development, was a key factor in Singapore's national development policy. Through forward-looking and integrated land-use planning, it was able to satisfy the housing, recreational and industrial needs of its citizens while safeguarding the environment. Other measures had included substantial investments in infrastructure for the collection, treatment and disposal of wastes and the adoption and enforcement of pollution control laws that were in line with generally accepted international standards.

23. Singapore, which firmly believed in the importance of international cooperation for meeting common environmental challenges, had launched a global environmental initiative on sustainable development following the nineteenth special session of the General Assembly. Within the context of the initiative – a four-nation partnership with Brazil, Germany and South Africa – Singapore would be hosting a world conference on model cities in April 1999.

24. Noting the potential for global warming to threaten low-lying islands and other regions, he said that the developed countries should take the lead in the quest to reduce global warming. He urged them to honour the pledges they had undertaken in Berlin with regard to greenhouse gas emissions and the provision of financial and technological assistance to developing countries.

25. **Mr. Nishigahiro** (Japan) said that the promotion of reproductive health and the empowerment of women – two major themes addressed at the International Conference on Population and Development – were of primary importance to Japan. Japanese public health institutions provided women with health education services and opportunities to consult with experts on health-related issues, including contraception, pregnancy, infertility and sexually transmitted

diseases. In order to promote the participation of civil society, another theme stressed at the Cairo Conference, Japan had organized an Open Forum in Tokyo earlier in the year to review the implementation of a Japanese initiative in the area of population and AIDS. On that occasion, the need for collaboration by the Government, the private sector and non-governmental organizations had been stressed. A number of funds in Japan facilitated the activities of non-governmental organizations, and further legislation to assist non-profit organizations had recently been adopted. Japan had long been the largest contributor to the United Nations Population Fund (UNFPA). At the bilateral level, it had launched projects such as the Global Issues Initiative on Population and AIDS, whose successes included the near-eradication of polio in the western Pacific region (China, the Philippines and Viet Nam).

26. His delegation noted with appreciation the report of the Secretary-General on the preparations for the special session of the General Assembly for an overall review and appraisal of the implementation of the Programme of Action of the International Conference on Population and Development (A/53/407). It welcomed the outcomes of the regional and technical meetings held as part of the preparatory process and system-wide involvement in that process through inter-agency meetings and the meeting of the Task Force on Basic Social Services for All of the Administrative Committee on Coordination (ACC). The final document of the special session should be prepared well in advance. In that context, his delegation appreciated the Secretariat's consultations with Member States, which it hoped would provide a sound basis for the deliberations of the special session. The Secretary-General's report should present a practical scheme for the further implementation of the Programme of Action that fully took into account the experiences and lessons discussed during the preparatory process. His delegation also welcomed the Secretariat's initiatives concerning the participation of non-governmental organizations.

27. Japan continued to focus on three elements it had stressed at the second United Nations Conference on Human Settlements (Habitat II): human resources development, protection of the environment and of socially vulnerable groups and grass-roots activities. It had pursued a partnership with developing countries through cooperation in such areas as comprehensive regional development planning, urban planning, urban hygiene and urban transportation. Referring to the report of the Secretary-General on proposals on the scope, and organizational aspects of the special session of the General Assembly on the overall review and appraisal of the implementation of the Habitat Agenda (A/53/267), he called for close communication between the parties concerned in Nairobi and New York during the preparatory process. Since the special session would not be included in the agenda of the high-level segment of the Economic and Social Council in 1999, a review of the timetable for the preparatory process was crucial.

28. **Ms. Ruhl-Barzi** (Observer for Switzerland) said that Switzerland attached great importance to the five-year review of the Cairo Programme of Action and would play an active role in the preparations for the special session in 1999. The consensus achieved in 1994 must form the basis for the deliberations of the special session on future population strategies. Inspired by the people-centred approach of the Cairo Conference, Switzerland had developed a more integrated population policy which stressed issues important to civil society, such as equality between men and women, the integration of aliens, the struggle against racism and ethical aspects of advanced medical techniques; included a more comprehensive health and international migration component; and placed greater emphasis on the ecological and demographic impact of production and consumption patterns.

29. In connection with the preparations for the five-year review, Switzerland had conducted its own five-year evaluation of the implementation of the Programme of Action, both at the national level and in the sphere of international cooperation for development. The report would be published on time for the regional consultation of the Economic Commission for Europe, to be held in Budapest. Switzerland also planned to organize an exhibit entitled "Six billion human beings" in 1999. Switzerland's total contribution to population activities, including to UNFPA and to international non-governmental organizations, had increased from 11 million to 18 million Swiss francs. In conclusion, she wished to confirm that Switzerland would increase its contribution to UNFPA by 10 per cent, representing an amount of 11 million Swiss francs.

30. **Ms. Baholisolo** (Madagascar) said that the economic crisis, characterized by financial insecurity, shortage of affordable housing and social disintegration, made it particularly urgent to implement the recommendations of the United Nations Conferences on Human Settlements. In keeping with the recommendations of Habitat II on national responsibility, her Government had made decent housing the centrepiece of its social programme. The government housing policy, with the participation of the private sector, was aimed at creating 35,000 housing units annually through sustainable land development, the establishment of a land data bank and loan mechanisms. A separate land

development policy was based on support for migration, the creation of new rural-type towns and the decentralization of the Malagasy economic authorities.

31. As part of its follow-up to Habitat II, her Government had formed a partnership for housing construction with national and foreign private investors, with input from the ultimate beneficiaries. Through unions and non-governmental organizations, professionals participated in the housing programme by providing assistance to the most deprived groups. The attainment of the objectives of the Global Strategy for Shelter to the Year 2000 would require increased international cooperation and synergy among the various bodies, funds and programmes of the United Nations system and the Bretton Woods institutions. An exchange of experiences concerning housing and urban development technology, particularly within the context of South-South cooperation, would be equally crucial. In conclusion, her delegation hoped that the observance of the fiftieth anniversary of the Universal Declaration of Human Rights would give impetus to the dialogue on sustainable human settlements.

32. **Mr. Reva** (Ukraine) said that his delegation welcomed the increased cooperation among various United Nations bodies, Governments, the private sector and non-governmental organizations in the implementation of the Cairo Programme of Action. In Ukraine, the main population issues were the return of formerly deported persons to their historical homeland, transit migration and the high mortality rate, particularly among the male population. The Ukrainian people were still suffering from health problems in the aftermath of the Chernobyl disaster. The most recent statistical data showed a substantial increase in child mortality; more than 1,000 Ukrainian children had been diagnosed with thyroid gland cancer.

33. In view of the specific population problems of the countries with economies in transition, UNFPA activities in Central and Eastern Europe should be expanded through the implementation of concrete regional projects. His delegation believed that the Commission on Population and Development should continue to play a leading role in monitoring, reviewing and assessing the implementation of the Cairo Programme of Action. Reliable statistical data obtained from population censuses would be a key factor in the five-year review. His delegation therefore attached particular importance to the resolution on censuses adopted by the Commission at its thirty-first session.

34. The recommendations of the session of the Economic and Social Council on the integrated and coordinated implementation and follow-up of major United Nations conferences and summits, held in May, should be fully taken into account in the preparatory process for both the five-year review of the International Conference on Population and Development and the special session of the General Assembly on an overall review and appraisal of the implementation of the Habitat Agenda. The final documents of those sessions should address elements identified in the resolutions of the Economic and Social Council, including cross-cutting issues, the Council's coordination and management role and inter-agency and country-level follow-up. In conclusion, the Bretton Woods institutions should contemplate extending special lines of credit to finance national housing construction programmes and projects using ecologically sound construction technology.

35. **Mr. Nimac** (Croatia) stressed the need for further cooperation in order to realize the goals outlined in the Cairo Programme of Action and to explore the links between population and the various aspects of sustainable development. His delegation welcomed the unprecedented degree of participation by civil society in the follow-up process to the United Nations Conference on Human Settlements (Habitat II), as prescribed by General Assembly resolution 52/190 (para. 6) and the report of the Secretary-General (A/53/267, para. 2). It was also pleased that civil society would play a key role in the preparatory process for the five-year review of the Cairo Conference, particularly at the international forum, to be held in The Hague in February 1999. Croatia urged all countries to respond to requests for information on population and development, as it had done earlier that year, in order to facilitate the global monitoring of implementation of the Cairo Programme of Action.

36. His delegation attached particular importance to the linkages between population changes, including migration and economic and social conditions. During the period of war and occupation (1991–1995), Croatia's population growth had been negative. Despite some improvement in the past three years, that rate remained insufficient to ensure a renewal of the population. In response, his Government had developed a plan for balanced renewal that was consistent with the Programme of Action, particularly principles 3, 4 and 8.

37. Croatia also had to deal with forced migration, including a huge volume of displaced persons and refugees from neighbouring countries which had totalled 400,000 in 1994. The process of return depended largely on the reconstruction and economic revitalization of the war-torn areas. In that connection, his Government had prepared a comprehensive reconstruction plan and, in cooperation with

the international community, had scheduled an international donors' conference in early December.

38. A Croatian expert would be participating in the work of the Commission on Population and Development, which had been designated as the preparatory body for the five-year review of the implementation of the Cairo Programme of Action. His delegation welcomed the decision to make the next session of the Commission open-ended and looked forward to cooperating with other delegations in the preparations for the special session.

39. **Mr. Tanasescu** (Romania) said that the lessons drawn from the implementation of the World Population Plan of Action, adopted in Bucharest in 1974, would constitute an important input for the review of the implementation of the Programme of Action adopted at Cairo.

40. A comparison of those two documents clearly demonstrated the complexity of population issues, and the need for coordinated and coherent action at all levels.

41. The Programme of Action acknowledged the special needs of countries in transition, especially in the field of reproductive health and family planning. During the four years of its implementation in Romania and in other countries of the region, the importance of international assistance had been brought to the fore. At the same time, new and important topics such as the health of young persons and social integration had been identified. The Commission on Population and Development had recognized the downward trend in some vital indicators in transition economies as a result of the social cost of economic reform. Reduction of life expectancy, negative population growth and a deterioration of the general health status of the population since 1990 had been confirmed by official statistics in Romania and other countries of the region. Romania welcomed the inclusion of regional discussions on the implementation of the Programme of Action as an important input for the preparations for the special session of the General Assembly to be held in 1999.

42. His delegation also welcomed the Commission's decision on the introduction of a new census cycle at the beginning of the next decade. The data collected during that census would be highly relevant to studies on the social and human impact of the transition period and would provide a comprehensive database on population.

43. While priority should be accorded during the preparatory process to the critical problems of developing countries, especially the least developed, attention should also be given to health and the specific issues affecting older persons and youth, which were relevant to all countries. Finally, his delegation emphasized the need for cooperation and partnership between the Population Division of the Department of Economic and Social Affairs of the Secretariat and the United Nations Population Fund in preparation for the special session.

44. **Ms. Pierce** (United Nations Population Fund) thanked representatives for their very useful comments and suggestions, noting that their remarks had illustrated the close relationship between population and sustainable development. Population truly linked various aspects and sectoral concerns on the global agenda. In addressing the outcome of all the recent conferences in a coordinated and integrated manner, the United Nations was helping Governments to realize the goals that had been achieved at those important conferences and summits. UNFPA had noted with appreciation the remarks of the Government of Japan, which had been the largest donor to the Fund since the 1980s. It also wished to take note of that country's very strong bilateral programme in the area of population, particularly its global issues initiative pertaining to population and AIDS. UNFPA also acknowledged with great appreciation the decision by the Government of Switzerland to increase its contribution to the Fund's work and looked forward to the country report that Switzerland would present at the upcoming conference in Budapest.

45. **Mr. Chamie** (Director of the Population Division) noted that, according to the 1998 revision of the official United Nations population estimates and projections, while population growth rates were decreasing, the world's population would continue to grow for many decades to come. Of the net addition of 78 million people per year, India's contribution was about 21 per cent, followed by China with 15 per cent. India, China, Pakistan, Indonesia and Nigeria accounted for almost 50 per cent of the world's annual population growth. Also, whereas there were now 10 countries with a population of 100 million or more, by the year 2050 there would be 18 countries in that category. Differential rates of population growth also meant changes in the distribution of populations among regions. For example, whereas in 1950, the population of Europe had been about 2.5 times as large as Africa's population, currently, the populations of Europe and Africa were about the same size; by 2050, Africa's population would be nearly three times as large as Europe's.

46. Fertility was continuing to decline globally. Worldwide, couples, on average, now had 2.7 children. Some 25 years ago in Kenya, the average had been about 8.5 children per couple; it was now around 4.5. In 61 developed countries and developing countries, fertility levels were below replacement, namely, below roughly two children per

couple. The populations of some 30 countries were projected to decline. Thus, Austria's population was projected to decrease from 8.1 million to 7.1 million by 2050. In contrast, the populations of 31 countries would increase. That of China, for example, would increase from 1.3 billion to 1.5 billion.

47. International migration would continue to have a significant impact on most countries in the coming decades, although the levels and patterns of migration were now better understood and more directly addressed by Governments. With some notable exceptions in some important regions, such as sub-Saharan Africa and Eastern Europe, mortality continued to decline. Lower death rates and longer life expectancies had been observed in the majority of countries. Life expectancy had risen from around 45 years in 1950 to close to 63 years at the present time and infant mortality had declined from 155 deaths per 1,000 births to around 57.

48. The ageing of the world's population – more people attaining ages 80, 90 and even 100 – meant that the world would have a very different social and economic structure. By 2050, for the first time in the history of humanity, there would be more older persons in the world than children.

49. However, there were important exceptions to the general global improvement in mortality. The troubling situation in Eastern Europe, where mortality improvements had been limited or non-existent during the decade, especially among males, should be monitored carefully.

50. Another area of concern was the devastating impact of the AIDS epidemic, especially in sub-Saharan Africa where there were more deaths due to AIDS than had earlier been anticipated, with life expectancy dropping substantially and growth rates declining precipitously. Thus, in Botswana, the most affected country, one out of every four adults was infected by HIV. By 2025, its population might be 23 per cent smaller than it would have been in the absence of AIDS. Nevertheless, because of high fertility, Botswana's population was expected to nearly double between 1995 and 2050. In the next two decades, the countries of sub-Saharan Africa would lose over 60 million people due to AIDS.

51. Although the future was uncertain, future population trends were considerably less uncertain than other future developments, such as economic trends or weather forecasts. In the area of population, what was done today would greatly affect what would happen in the coming years and decades. For the past 50 years, the United Nations had had the foresight, courage and leadership to address population issues. It was vital for it to continue to do so.

52. **Mr. Cabactulan** (Philippines) wondered why the fertility rate was declining, whether international migration had been factored into the long-term projections for population, whether the projected population growth rates with and without AIDS assumed the absence of advances in science and technology and whether a scientific global study had been carried out on the ideal population carrying capacity of the planet.

53. **Mr. Chamie** (Director of the Population Division) replied that the decline in fertility rates was greatly affected by declines in mortality rates, improved education, especially among women, the changing role of women in society, the increasing availability of modern methods of contraception and a variety of other factors. International migration had been explicitly accounted for in the projections for all the countries. With respect to AIDS, while there were treatments, there were no vaccines currently available and he did not foresee any breakthroughs in that regard in the immediate future. No one was sure about the earth's ideal carrying capacity. That depended on technology, the level of consumption and production and other factors.

Draft resolution on the special session of the General Assembly for an overall review and appraisal of the implementation of the Habitat Agenda (A/C.2/53/L.19)

54. **Mr. Hidayat** (Indonesia), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/53/L.19, and drew particular attention to paragraphs 2 and 3.

Agenda item 91: Macroeconomic policy questions (A/53/60, A/53/62, A/53/69, A/53/185, A/53/416, A/53/447 and Corr.1; A/C.2/53/4; A/C.2/53/L.20)

Draft resolution on the role of the United Nations in promoting development in the context of globalization and interdependence (A/C.2/53/L.20)

55. **Mr. Hidayat** (Indonesia), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/53/L.20 and he drew particular attention to paragraphs 11, 13 and 14.

(a) Trade and development (A/53/15 (Parts I, II and III), A/53/72-S/1998/156, A/53/95-S/1998/311, A/53/331, A/53/510)

56. **Mr. Ricupero** (Secretary-General of the United Nations Conference on Trade and Development) stressed the importance of deepening the collaboration between the

representatives of States members at UNCTAD in Geneva and members of the Second Committee in New York. Noting that the tenth session of UNCTAD would be held in Bangkok in early 2000, he said that the symbolic impact of that region, one which had attained strong economic development and was now in the throes of a serious crisis, combined with the dawn of a new century, would give the meeting a special significance. The need for a more comprehensive and integrated vision of development issues was becoming widely accepted. Consideration needed to be given not only to the interrelationships between the various components and determinants of economic development but also to the impact of new technologies, particularly communications technology. In that regard, UNCTAD needed to adapt to changing circumstances and to focus on the needs of developing countries. However, that did not mean that UNCTAD would change its mandate. It would merely refine and redefine aspects of the mandate it had been given by Member States.

57. In order to avoid dispersion and duplication, the integrated approach to development should be combined with a clear sense of priorities. In so doing, a balanced and moderate approach should be taken to development and the false dichotomy between liberalization and regulation, the State and the private sector, should be eschewed. The positions adopted should be even-handed and give due weight to various considerations, including regional differences.

58. It was also imperative that the work of UNCTAD should be geared towards helping developing countries to understand their interests and articulate those interests through forward-looking proposals that could find mutual agreement of benefit to all.

59. The work of UNCTAD on international financial issues stemmed from its role as the focal point, within the United Nations, for the integrated treatment of development and related issues such as trade, finance, technology, investment and sustainable development. The current crisis had graphically demonstrated the strong linkages between finance, trade and investment, and how international financial movements could influence the course and success of national development efforts. Recent forecasts had shown that total flows to emerging markets, which had stood at $300 billion in 1996, were projected to fall to $100 billion in 1999. That would have a profound impact on development prospects, particularly as foreign direct investments in emerging markets were also expected to drop by 17 per cent in 1999.

60. UNCTAD provided a distinct development perspective to discussions on international financial issues and its concern for the development aspect of alternative proposals was unique. The organization had had a long and creditable record of work in that field that included work on international financial and portfolio flows, their relationship with foreign direct investments and their impact on development efforts; trade and financial services, debt issues, notably on debt-management, Paris Club debt negotiations, debt sustainability and the Heavily Indebted Poor Countries (HIPC) Debt Initiative of the World Bank and IMF.

61. The most recent *Trade and Development Report* drew attention to the fact that although concern had been expressed on the management of the crisis, primary focus should be placed on the prevention of such crises before they arose and on efficient measures to mitigate their propagation. The report contained a number of proposals aimed *inter alia* at increasing the burden sharing of the costs of prevention with the private sector. The measures were designed to strengthen the stability of free markets without requiring explicit financial guarantees. They represented only an initial step towards the adoption of measures to strengthen the financial architecture of the international system in a way that was based on market incentives and that was even-handed in its treatment of borrowers and lenders in both developed and developing countries.

62. After drawing attention to paragraph 12 of agreed conclusions 451 (XLV), adopted by the Trade and Development Board at its forty-fifth session, whereby the Board had expressed its appreciation for the analysis provided in the 1998 *Trade and Development Report* and urged the secretariat to continue to study international trade, monetary and financial issues, he reiterated that UNCTAD was at the disposal of the General Assembly for discussions on financial issues, particularly on development finance.

63. For some time UNCTAD had been offering a distinct perspective on international capital flows. In 1990, the *Trade and Development* report had argued that the ascendancy of finance over industry and the globalization of finance had become an underlying source of instability and unpredictability. Similar concerns had also been raised just before the Mexican peso crisis. Again, in 1996, the *Report* had warned of the dangers and benefits of a heavy reliance on international flows in the fast-growing economies of Asia. Ensuing events had confirmed that ignoring the systemic nature of financial instability was neither responsible nor acceptable.

64. He outlined the three main factors in understanding the current globalized financial system. Firstly, economies that relied too heavily on international markets to finance their current account and fiscal deficits would risk sudden changes in market opinion. That risk applied equally to economies that relied on export earnings from commodities and to those that relied on manufactured goods exports. That was also true of economies that relied on capital inflow. Secondly, fiscal balances had ceased to act as automatic "shock absorbers", and thirdly, with increasingly globalized cross-border financing, sharp shifts in risk and liquidity preference could quickly fuel financial crises. Since the collapse of the Bretton Woods system, such crises had become increasingly common and costly. UNCTAD had estimated the cost of the current Asian crisis at $260 billion.

65. Turning to the least developed countries, he recalled that General Assembly resolution 52/187 had designated UNCTAD as the focal point for the preparation of the Third United Nations Conference on the Least Developed Countries. The Trade and Development Board had welcomed the generous offer made by the European Union to host the Conference, and had recommended that the General Assembly should accept that offer. The UNCTAD secretariat was pleased by the initiative taken by the European Union, which was a major trading partner of the least developed countries.

66. The comprehensive analysis of development in Africa had been carried out in the 1998 *Trade and Development Report*. The Trade and Development Board had encouraged the continuation of analysis in the context of UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s. Debt overhang, identified as a major constraint facing African countries, had serious adverse consequences for their fiscal health. The Board recommended innovative approaches involving the countries affected, bearing in mind the joint responsibility of debtors and creditors in the accumulation of African debt. Taking into account the proposals contained in the *Report*, the Board urged the international community to consider means of identifying the amount of debt assessed as unpayable for possible action by creditors.

67. UNCTAD had also continued its work in the area of island developing countries in follow-up to the Programme of Action for Small Island Developing States and was pursuing work on behalf of land-locked developing countries and had submitted a report on the transit environment in the land-locked States in Central Asia and their transit developing neighbours to the current General Assembly. In addition, it had focused on helping developing countries build a positive agenda for international trade negotiations and strengthening commercial diplomacy.

68. At its high-level segment in July the Economic and Social Council had addressed a number of elements of relevance to the WTO work programme. UNCTAD had been working with developing countries and experts on trade issues to develop a proactive strategy on issues as diverse as agricultural and services negotiations, electronic commerce, and the long-distance provision of professional services. He was confident that in future, developing countries would be in a better position to participate in conferences.

69. UNCTAD was finalizing plans for a meeting in Lyon, France, in an attempt to integrate the private sector, non-governmental organizations, research centres and universities, among others, into the work of the secretariat. That meeting intended to forge firm partnerships on five key issues: global economic commerce; biotrade, for the benefit of indigenous and local communities; commercial diplomacy; risk management of commodities, and microcredit.

70. He believed that UNCTAD's close collaboration with WTO, and the valuable experience it had gained from working with the Second Committee and the Council had demonstrated its capacity to work constructively with other institutions and to produce sound, balanced analyses and recommendations. UNCTAD wished to remain open to fostering a constructive approach to help developing countries. In his opinion, there was no comparative advantage in the field of ideas; there was however the advantage of offering suggestions that generated real benefit for countries.

The meeting rose at 5.55 p.m.

United Nations A/C.2/53/SR.29

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Summary record of the 29th meeting
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Chairman: Mr. Agona ..... (Uganda)

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(a) Trade and development

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The meeting was called to order at 10.10 a.m.

Agenda item 94: Environment and sustainable development (*continued*) (A/C.2/53/L.21)

Draft resolution A/C.3/53/L.21

1. **Mr. Adawa** (Kenya), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/53/L.21 entitled "Report of the Governing Council of the United Nations Environment Programme", for which Kenya was the coordinator, and pointed out with regard to paragraph 7, that an appeal could be made to non-governmental organizations for the required additional resources. Stressing that the straightforward text of the draft resolution should not give rise to any disagreement, he requested the Committee to adopt it without a vote.

Agenda item 97: Permanent sovereignty of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources (*continued*)

Draft resolution A/C.2/53/L.22

2. **Mr. Abdelaziz** (Egypt) introduced the draft resolution and called upon the members of the Committee to vote for it in accordance with the principles of international legality and the relevant General Assembly resolutions in order to defend the right of the Palestinian people in the occupied territories and of the Arab population in the occupied Syrian Golan to exploit their natural resources. He pointed out that Brunei Darussalam and Indonesia had joined the sponsors of the draft resolution.

Agenda item 91: Macroeconomic policy questions (*continued*) (A/53/60, 62, 69, 185, 416 and 447, A/C.2/53/4)

(a) Trade and development (A/53/15 (Parts I, II and III, A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/331 and 510)

3. **Mr. Chak Mun See** (Trade and Development Board), speaking as the President of the Trade and Development Board (TDB), introduced the Board's reports to the Committee. Since its inception in 1964, the United Nations Conference on Trade and Development (UNCTAD) had remained steadfast in its commitment to the cause of development and had demonstrated the unique vitality and versatility by being able to adapt to the changing international economic environment. While continuing to be the focal point for the integrated consideration of questions relating to money, finance, trade, investment, technology and development, it had also become a leader in the United Nations system in reform and the development dialogue. The contribution by UNCTAD lay in the quality of work of its secretariat and the effectiveness of its intergovernmental machinery.

4. Within the framework of the reforms instituted at the Conference's ninth session, the Board had held executive sessions in order to deal with urgent issues and manage the intergovernmental machinery and the business of the organization between sessions of the Conference. At the sixteenth executive session, held in February 1998, TDB had addressed the follow-up to the WTO High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development and had adopted a decision on the implementation by UNCTAD of the outcome of the Meeting. It had also addressed the East Asian financial crisis and, as part of the reform process, it adopted a decision for improving the efficiency and functioning of the Conference's intergovernmental machinery. At the seventeenth executive session, held in May 1998, the Board had adopted a decision on the UNCTAD publications policy. The eighteenth executive session, held in July 1998 and devoted to the mid-term review exercise, had reviewed the work programmes in accordance with the Midrand Declaration in order to ensure the best possible implementation of the mandate given by the Conference at its ninth session and the fundamental guidelines set out in General Assembly resolution 52/182, thus mapping out a path leading to the Conference's tenth session.

5. The Board's forty-fifth session, held from 12 to 23 October 1998 in Geneva, had considered interdependence and global economic issues from a trade and development perspective: the causes, management and prevention of financial crises, using the *1998 Trade And Development Report* as background documentation for the discussion. The report considered the causes of the crisis which had begun in East Asia from the point of view of global prospects, including possible knock-on effects through trade flows, as well as ways to manage such crises and prevent their reoccurrence. There had been agreement among the countries concerned that the financial crisis had systemic elements. Financial markets had become increasingly volatile and were subject to the herd behaviour of investors driven by irrational exuberance. In an interdependent world, it was impossible for any country or group of countries to be insulated from the effects of financial crises. Decisive policy responses and far-reaching institutional reforms were urgently required in order to return to more stable growth

and preserve the open multilateral trading system. Domestic measures should be carefully crafted, with the full involvement of local policy makers, to restore investor confidence, economic growth and financial stability. The international financial architecture needed to be reformed and the range of reform options, including improved transparency and surveillance, debt-restructuring mechanisms, regulation and control of capital flows, and the establishment of a global lender of last resort, should be considered in an ordered and dispassionate manner. Moreover, efforts should also aim at promoting greater coherence in the areas of trade, money and finance. UNCTAD would contribute to the debate on restructuring the international system by continuing to provide relevant analysis from a development perspective.

6. The Board had also reviewed progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s. The conclusions on that issue were evidence of the high quality of the work undertaken by the Board in that area. The least developed countries had expressed their determination to continue with the wide-ranging reforms they had undertaken in recent years which had greatly contributed to their improved economic performance and their development partners had reaffirmed their support for efforts to enhance their integration in the world economy and in the multilateral trading system in the spirit of shared responsibility and partnership which underpinned the Programme of Action. While noting the encouraging economic performance of the LDCs as a group, the Board considered that their short-term prospects were uncertain and that they were so vulnerable to exogenous shocks such as the Asian financial crisis, declining commodity prices and natural calamities, that the current recovery would be insufficient either to contain their marginalization, or to ensure their integration into the global trading system, or even to make much headway in alleviating poverty. Furthermore, without adequate external financial resources and debt relief they would not be able to sustain either growth or development. The donor countries seemed to have lost sight of established United Nations targets with respect to financial assistance. Some donor countries had recently taken measures in favour of the LDCs while other donors had implemented aid programmes, but efforts were needed on the part of all development partners. The Board also considered that, without a decisive reduction in their external debt and debt service obligations, the growth prospects of LDCs and their ability to attract foreign direct investment (FDI) would remain limited. The eligibility criteria for the Highly Indebted Poor Countries Debt initiative should be flexible enough and take into account that some LDCs were truly in need of debt reduction and were undertaking the necessary reforms. The donor countries should also give due consideration to the proposal made by the Secretary-General of the United Nations that all remaining official bilateral debt owed by the poorest highly indebted poor countries should be converted into grants.

7. The Board had acknowledged that the implementation of Marrakesh Ministerial Decision on Measures in Favour of LDCs contained in the Uruguay Round agreements was essential to enhance their market access and to facilitate their efforts at capacity-building. For LDCs which were not members of WTO, accession would be part of their efforts to reverse their marginalization, and they should be enabled to achieve accession on terms consistent with their LDC status. The announcement by the European Union of its readiness to host the Third United Nations Conference on LDCs had been welcomed by the Board and had given a boost to its consideration of the preparatory process for the Conference, including recommendations to the General Assembly in that regard. In its decision, adopted by consensus, the Board had recommended that the General Assembly accept the offer of the European Union, and the proposed duration and scheduling of the Conference in the first semester of 2001. The decision had also recommended that the Secretary-General of UNCTAD be designated as Secretary-General of the Conference. The General Assembly was also called on to decide to defray the cost of participation by two representative of each LDC in the work of the intergovernmental preparatory committee meetings and in the Conference itself, through the use of extrabudgetary or other resources. He trusted that the understanding that had prevailed in Geneva would also be attained in the Committee. The adoption by the General Assembly of the Board's recommendation would initiate the preparatory process for the Conference.

8. The Board had also considered UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) and on the prospects for agriculture, trade and industrialization, against the background of the 1998 Trade and Development Report (Part II). In its agreed conclusions, the Board had noted that the economic recovery in Africa had not generated an increase in national savings and investment, which were essential for the achievement of sustainable development and the 6 per cent annual growth target set by UN-NADAF. As the problem was essentially due to the debt overhang, the Highly Indebted Poor Countries Debt Initiative should be adapted for the benefit of the countries concerned, particularly by broadening its basis in order to place African countries back on the path to

growth. Furthermore, innovative approaches were required which recognized the joint responsibility of both creditors and debtors in the accumulation of African debt. On that subject, the Trade and Development Report suggested that the international community might wish to consider ways and means of identifying that portion of the debt assessed as unpayable, for possible action by creditors. In view of the falling levels of official development assistance in real terms, the Board recalled the internationally agreed targets. The design and implementation of structural adjustment programmes needed to take account of the problems and requirements of individual countries. The obstacles facing the African countries with respect to market access in industrialized countries, which included the problem of tariff peaks and tariff escalation, for example, threatened measures to promote graduation into value-added agro-based manufacturing. While the ultimate objective of African countries was full integration into the international trading system, all aspects of liberalization would need to be adjusted to the needs and constraints of African economies as they built up their international competitiveness.

9. In the context of its review of the technical cooperation activities of UNCTAD, the Board had adopted a decision which noted the continued increase in the level of those activities and the rise in technical cooperation expenditures in favour of the LDCs. The Board had also requested the secretariat to ensure a balance in the share of technical cooperation activities between the various regions, taking into account their respective needs. The Board had received a progress report on UNCTAD's assistance to the Palestinian people, the continuation of which had the support of all groups of countries. The Member States on the Board had expressed the wish for adequate secretarial resources to be made available for such assistance.

10. The high-level segment of the forty-fifth session of the Trade and Development Board had been held under the chairmanship of the Deputy Prime Minister of Thailand, and had been dedicated to the impact of the financial crisis on trade, investment and development, and on regional perspectives. It had focused on the Asian epicentre of the crisis, hearing the testimony of those who had experienced at first hand the economic and social consequences of the crisis, and on the responses of institutions and civil society. By means of a video-conference link, the Second Committee had participated in the second part of the high-level segment which had examined the repercussions of the crisis and the lessons to be learned from the practical experience of a variety of actors, including a large multinational company, financial institutions and the regional economic commissions. The high-level segment had made a valuable contribution to the study, at the international level, of the causes of such crises and of appropriate policy responses. The use of modern telecommunications technology, which had made it possible to hold a debate on both sides of the Atlantic, had further demonstrated UNCTAD's determination to do everything possible to fulfil its development mission.

11. In conclusion, the forty-fifth session of the Board had carried out a high-level mid-term review pursuant to the Midrand Declaration and to General Assembly resolution 52/182, in order to contribute to the preparations for the tenth session of the United Nations Conference on Trade and Development which was to be held in Bangkok in the year 2000. Two years after Midrand, the Board had reviewed changes in the world economy and had endeavoured to define the long-term prospects in the context of that event. In that connection, the Deputy Prime Minister of Thailand had enumerated seven points which might serve as a basis for the preparation of the Bangkok Conference: (a) a global approach to global problems; (b) careful scrutiny of the globalization process to allow all to benefit from it; (c) the continuing validity of the East Asian model of economic development: study of what went wrong for future reference; (d) foreign direct investment: an objective analysis; (e) achieving more coherent action by international and national organizations; (f) marginalization: an objective analysis; (g) interaction with the private sector at all levels. The Secretary-General of UNCTAD had been requested to prepare a draft agenda for the tenth session of the Conference, which was scheduled to be held from 12 to 20 February 2000, for consideration and approval at the executive session of the Board in December 1998.

12. **Ms. Syahruddin** (Indonesia), speaking on behalf of the Group of 77 and China, said that globalization had had a considerable impact on all economic activities. While it had triggered a range of new opportunities for development in many countries, particularly the advanced economies, it had made the developing countries much more vulnerable to external factors that were beyond their control. Globalization and the liberalization of trade and investment did not automatically result in faster growth in the developing countries. Economic and social gaps were widening within and between many countries.

13. Acknowledging that globalization posed major problems, the Group of 77 and China remained fully committed to the international trading system, despite the implications of that commitment. The establishment of an open trading system, in which all countries would participate on an equitable basis, was essential to the promotion of development and the eradication of poverty. However, while

there had been unprecedented growth and development since the launching of the Uruguay Round, trade liberalization posed problems that blocked the achievement of an open, rule-based multilateral system. Some of the Uruguay Round accords, which were of particular interest to the developing countries, were far from being implemented. It was true that during the negotiations some countries had accepted only small tariff reductions or none at all for some sensitive products. Thus, not all developing countries could take advantage of trade liberalization.

14. The capacity of most developing countries to implement their obligations under the Uruguay Round agreements was limited in comparison to that of the developed countries, and they were also unable to defend, let alone articulate, their trade interests to take full advantage of the rights provided for them under the Uruguay Round. The lack of technical ability, compounded by chronic external debt problems, prevented the developing countries, especially the least developed among them, from implementing the Uruguay Round agreements. Accordingly, the Group of 77 and China urged the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO) to continue to provide the necessary technical assistance to the developing countries. They were also dissatisfied with the lack of progress made in the application of the provisions on special and differential treatment for the developing countries and urged that the commitments made should be strengthened and concrete action taken in that regard. They welcomed the convening of the Third United Nations Conference on the Least Developed Countries, to be held in 2001, which would provide an opportunity to implement, in an integrated manner, the 1997 Plan of Action for the Least Developed Countries.

15. The Group of 77 and China was concerned at the measures taken by some Member States which contravened the spirit of the Uruguay Round agreements. Thus, some exporting countries had been unable to take immediate advantage of the agreements because of exceptional measures such as transitional safeguard measures, unilateral rules of origin and back-loading in the implementation of the agreement on textiles and clothing. The abuse of anti-dumping provisions was another problem that should be resolved. The States members of WTO should demonstrate their political willingness to abide not only by the letter but also by the spirit of the Uruguay Round agreements. They should totally reject the use of discriminatory trade actions and the extraterritorial application of national legislation against the developing countries. In that spirit, the Group of 77 and China rejected the use of any protectionist measures and agreed to work together in UNCTAD, WTO, the International Monetary Fund (IMF) and the World Bank to improve the coherence of international economic policy-making with a view to implementing a rule-based, open trading system.

16. The financial crisis, which had had strong repercussions on equity markets throughout the world, was another problem that must be solved. It was clear that no country, regardless of its strong economic fundamentals and vitality, was immune to the instability of world financial markets. It was therefore important to promote a better understanding of the relationship between trade and international financial and monetary stability, in that the liberalization of trade was one of the principal ways to overcome the crisis. All trading partners must allow greater market access for products from the countries affected by the crisis. The development of trade would allow the countries in crisis to recover and thereby avoid a global recession. It was especially important to avoid reverting to protectionism, which would cause further instability to the international trading system. There was also a need for increased foreign direct investment, which would have longer-term positive effects on the economies of countries affected by the crisis.

17. Another major objective was to make the multilateral trading system truly universal. The Group of 77 and China had always encouraged the developing countries to accede to the WTO agreements and believed that those countries should not be required to comply with higher levels of commitments than those made by countries that had already joined WTO. At the same time, regional trading arrangements had a crucial role to play. They should help to build a solid multilateral trading system. That presupposed that they were based on the fundamental principle of open regionalism and were consistent with the principles and rules governing the multilateral trading system. Moreover, lessons could also be learnt from the experience gained by regional trading arrangements.

18. The Group of 77 and China believed that trade should serve to minimize the negative aspects of globalization, which affected both rich and poor countries, and maximize its benefits, ensuring that they were shared equitably.

19. **Mr. Cunnane** (European Union) said that the strengthening of trade liberalization and investment and the promotion of a transparent, rule-based multilateral trading system remained a key component of efforts to achieve sustainable development, since economic and social development and environmental protection were interdependent. The European Union considered the

integration of developing countries into the world trading system to be a primary objective of its development policies and granted preferential access to its markets to all developing countries for almost all their exports.

20. As for the least developed countries, 99 per cent of their exports already benefited from preferential duty-free access to the European Union. It reserved to non-ACP least developed countries equivalent treatment to that granted to its partners under the Lomé Convention. The rules of origin had been simplified to allow more cumulation. From 2000 to 2005, the European Union would adopt a series of measures ensuring duty-free access for essentially all products from the least developed countries and would review the rules of origin, particularly with regard to cumulation. It urged the industrialized and more advanced developing countries to open their markets to exports from the least developed countries.

21. Preferential access alone was unlikely to achieve the effective integration of the least developed countries into the world trading system. Those countries must also adopt sound domestic policies, improve governance, invest in basic social services, upgrade their infrastructures and openness to trade and investment and foster competitiveness. To that end, the international community should support them by providing technical assistance focused on education to upgrade human resources, infrastructure and institutions. In that context, the European Union attached particular importance to the implementation of the Integrated Framework for Trade-Related Technical Assistance, which had been established by WTO, UNCTAD, the International Trade Centre (ITC), the United Nations Development Programme (UNDP), the World Bank and IMF. Technical assistance, particularly to support administrative capacity-building, would enable the developing countries and the least developed countries to cope with the burden entailed in setting up a multilateral trading system. Official development assistance should remain an essential source of funding, especially for the poorest countries.

22. In order to ensure that development was sustainable, export expansion must not be at the expense of environmental and social standards. The European Union was convinced of the need to promote environmental and social protection by offering positive incentives so that differences in standards were not used as a pretext for protectionist measures. The Union had introduced such incentives into its generalized system of preferences (GSP) scheme for those developing countries which implemented internationally agreed labour and environmental standards.

23. Developing countries could expect to derive significant benefits from a new process of liberalization. A new, comprehensive round of trade negotiations — a millennium round — should be embarked on, which would reflect the interests of all members of the World Trade Organization (WTO), including the developing countries. All countries should set out their priorities for that round of negotiations. Thanks to a substantial liberalization of their trade and investment regimes, many developing countries had considerably expanded their exports. That liberalization had been accompanied by political, monetary and budgetary reforms as well as by the promotion of an environment supportive of the private sector.

24. The European Union was convinced that the credibility of the multilateral trading system lay in the implementation of all the commitments entered into in the Uruguay Round and it stood ready to provide technical assistance to developing countries experiencing difficulties in the implementation process. While the financial crisis was taking its toll, not only on the financial markets but on international trade and investment, it was important to avoid the danger of beggar-thy-neighbour policies and protectionist backsliding. Multilateralism must be one of the means for combating the effects of the crisis.

25. During the first half of 1998, trade between the European Union and most of the countries affected by the crisis had changed dramatically: imports from those countries had increased by 20 per cent on average and exports had dropped by more than 30 per cent. Although the European Union member States had assumed the lion's share of commercial bank lending and had provided massive financial support to the countries in crisis through the International Monetary Fund (IMF), they remained convinced that the way out of the crisis required the expansion of trade, the adoption of decisive steps against protectionism and the strengthening of the multilateral system.

26. The European Union again called on all countries, including the developing countries, to set out their priorities for a new multilateral round of trade negotiations, which would represent an opportunity for further liberalization and the reinforcement of the multilateral trading system.

27. **Mr. Cordeiro** (Brazil), speaking on behalf of the member States and associated States of the Southern Common Market (MERCOSUR) (Argentina, Brazil, Paraguay, Uruguay, Chile and Bolivia), said that, although the crisis now being felt by virtually every nation in the world had been provoked and exacerbated by the international financial markets, it had immediately had

adverse effects on trade in goods and services. The countries accounting for 40 per cent of world production had seen a sharp decline in their economic activity. In the face of a likely recession, protectionist trends had re-emerged which threatened the stability of the international trading system. The MERCOSUR countries were convinced that the crisis could be overcome only by the implementation of the Uruguay Round agreements, respect for fixed repayment schedules and the strengthening of the trade liberalization process for developing country exports.

28. During the forthcoming trade negotiations, the question of the gradual liberalization of trade in goods and services should be addressed, while ensuring that all countries benefited from the multilateral trading system. The crisis in fact presented an opportunity for the reinforcement of trade liberalization and the elimination of the obstacles that continued to prevent developing countries from increasing their exports — excessive customs duties, quotas, technical and health-related barriers, unilateral and safeguard measures, as well as the application of countervailing and anti-dumping duties, in particular. Under the pretext of protecting the environment and promoting workers' rights, all manner of restrictions were being imposed on trade — restrictions that were incompatible with the rules of the international system. The MERCOSUR countries wondered how viable the developing countries' trade liberalization efforts would be if protectionist forces continued to be unleashed on the markets of the industrialized economies. While the negotiations had progressed considerably on such topics as trade in services, investments and intellectual property, the same could not be said for areas of export interest to developing countries, such as textiles and agricultural trade. A vast system of protectionist measures was at work in the latter sector. According to the Organisation for Economic Cooperation and Development (OECD), agricultural subsidies in the industrialized countries represented $280 billion.

29. MERCOSUR member States and associated States stood ready to face their competition on the world agricultural market as long as the commitments undertaken during the Uruguay Round were fully respected. In that regard, WTO should give priority in its negotiations to the question of market access and the reduction of subsidies and internal support measures.

30. The developing countries, and the MERCOSUR countries in particular, continued to work on behalf of international trade liberalization. MERCOSUR was at present the world's fourth largest economic grouping, with a market of over 200 million consumers and a gross domestic product (GDP) of $1.2 billion. Privatization programmes had attracted investments, which in 1998 were projected to be around $30 billion. Trade liberalization programmes had made it possible to reduce customs duties and eliminate quotas. The MERCOSUR countries favoured open regional economic integration, meaning that they were not opposed to trade with other markets but rather encouraged the mechanisms of globalization. Intraregional trade had grown by 350 per cent between 1990 and 1997, to a total of $20 billion. The four MERCOSUR member States had signed a free-trade agreement with Bolivia and Chile. Negotiations were under way with the Andean Group on a free-trade agreement that would apply to almost all the countries of South America, for a total market of 300 million consumers. MERCOSUR had also begun negotiations with Mexico, the Southern African Development Community (SADC), India and the Commonwealth of Independent States (CIS) countries, and had signed an economic and trade cooperation agreement with the European Union.

31. At the Eighth Ibero-American Summit, the President of Brazil, Fernando Henrique Cardoso, had said he was in favour of creating a tax on short-term international capital operations, which would be used to finance an international stabilization fund for financial crises. The fund would also underwrite poverty eradication projects.

32. **Mr. Chowdhury** (Bangladesh) said that the multilateral trading system which had evolved over the past 50 years had contributed to growth, employment and stability by promoting the liberalization and expansion of trade and institutionalizing the framework for the conduct of international trade relations. The benefits had, however, remained largely uneven for countries with chronic structural problems. The importance of an open, rule-based, equitable, non-discriminatory, predictable and transparent multilateral trading system could therefore not be overemphasized. Trade statistics demonstrated that international trade continued to develop but that some countries, particularly the least developed, were marginalized since they failed to extract even the minimum advantage from the opportunities arising from globalization and liberalization.

33. As was evident from the *Trade and Development Report, 1998*, the volatility of international capital flows and the development prospects of developing countries were intricately linked. There was an urgent need for coordinated measures to address the effects of the financial crisis on the international trading system. Keeping all markets free from protectionist measures and maintaining continued growth in world trade were key elements in overcoming the crisis. There was a need for greater coherence between the development objectives agreed to at major international conferences and the functioning of the international trading

and financial system. Close cooperation between the United Nations organizations, the World Trade Organization and the Bretton Woods institutions was imperative in that regard.

34. The Generalized System of Preferences remained a major instrument for expanding the access of the developing countries to the markets of other countries. The industrialized countries should, however, continue to improve their systems in order to integrate the developing countries, particularly the least developed, into the international trading system. It was important to explore ways of deriving greater benefit from the opportunities offered by those systems, for instance by eliminating the deadlines which they imposed on the least developed countries.

35. The importance of continued trade liberalization could not be overemphasized. The elimination of trade-distorting policies, protectionist practices and non-tariff barriers (environmental, technical and phyto-sanitary standards or labour standards) remained an imperative as the products of the least developed countries often faced problems of access to the industrialized markets. It was also important to support the efforts of the least developed countries at diversification and to strengthen their supply capacity in view of the declining importance of primary commodities in world trade and the decline in their prices. The international community must take measures to strengthen the supply capacity of exportable goods and services of developing countries, in particular the least developed countries, *inter alia*, by providing them with increased technical assistance.

36. It was important that all States members of WTO should implement all the provisions of the Final Act Embodying the Results of the Uruguay Round, taking into account the specific interests of developing countries, and the special provisions in the multilateral trade agreements relating to special preferential treatment for the least developed countries. He was confident that the tenth session of the United Nations Conference on Trade and Development would provide an opportunity for the international community to reflect on the development imperatives for the next millennium.

37. **Ms. Linde** (United States of America), speaking on the item on trade and development, said that her country supported the role of UNCTAD as the principal forum within the United Nations for the integrated treatment of development and related issues, including trade and sustainable development. UNCTAD should assist the developing countries in identifying the trade policy options available to them, in particular their rights and obligations under the WTO rules, including special measures for their benefit adopted under the Uruguay Round. UNCTAD, UNDP and the international financial institutions were in the best position to assist those developing countries which wished to accede to WTO and to help them to meet its requirements.

38. With regard to agenda item 93 (e) on the Programme of Action for the Least Developed Countries for the 1990s, her delegation was pleased to note that the *Least Developed Countries, 1998 Report* of UNCTAD emphasized the central role which a participatory policy-making process could play in successful economic development. It also emphasized the importance of environmental conservation and solidarity in an increasingly interdependent world.

39. The United States had long recognized that open domestic markets and an open global trading system did more to stimulate economic growth than trade protection and isolationism. It had therefore sought to liberalize global trade and investment and to help the least developed countries to take advantage of the new opportunities thus offered. If the least developed countries had difficulty in taking advantage of the new opportunities, it was not so much because of trade barriers or delays in their accession to WTO, but because of domestic policies which stifled competition and discouraged foreign investment.

40. In that connection, her delegation welcomed the initiatives taken by international organizations, such as the High-Level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, which had adopted an integrated framework for trade-related technical assistance to the least developed countries, which would coordinate the efforts of the six agencies concerned (WTO, UNCTAD, IMF, the World Bank, UNDP and the International Trade Centre) to help the developing countries to benefit from the world trading system.

41. Lastly, the United States, which was vitally interested in the future of Africa, welcomed the special focus of UNCTAD on the region. Through the Partnership for Economic Growth and Opportunity in Africa, launched by the Clinton Administration, it sought to assist those African countries that were willing to help themselves by adopting policies promoting good governance and economic liberalization to gain greater access to the global market, since it was clear that in a world which was becoming increasingly interdependent through globalization, no country could be truly prosperous if it was left behind in that process.

42. **Mr. Dausa** (Cuba) associated himself with the statement made by the representative of Indonesia on behalf

of the Group of 77 and China. Discussion of the subject of trade and development was especially important in the light of recent world events, notably the international financial crisis which had highlighted the connection between all areas of economic life, particularly finance, trade and investment.

43. In that new context, given that it had particular responsibility for the overall examination of matters relating to trade, finance, technology and investment from the development point of view, the work of the United Nations Conference on Trade and Development (UNCTAD) was more vital than ever. He commended UNCTAD for the vigour and intellectual rigour with which it had grasped those new realities, thus securing for itself a prime position in the international economic debate, particularly since it had ceased to duplicate the work of the World Trade Organization (WTO). The developing countries needed a competent organization that was capable of coming up with fresh ideas in areas that were crucial to their future, such as international finance and investment, and also of furthering negotiation and building consensus whenever necessary.

44. The high-level segment of the Economic and Social Council devoted to market access and the Council's meeting with the Bretton Woods institutions were significant steps in the action to be undertaken by the United Nations with a view to stimulating discussion in the economic, commercial and financial areas. Such efforts should be pursued, particularly on the occasion of the special session of the General Assembly proposed by the Group of 77 and China in their draft resolution on globalization and at the international conference on financing for development.

45. The discussions of the Second Committee should be guided by a number of considerations. First, when considering the conditions for market access bequeathed by the Uruguay Round, attention should be paid to the globalization of the world economy, the alleged advantages of which were being exploited primarily by the developed countries, whereas conversely, the developing countries were finding themselves at a disadvantage due to external factors beyond their control. Moreover, in addition to the fresh difficulties and uncertainties connected with globalization, there were still serious unresolved problems in the field of international relations, such as external debt, the growing inequity of terms of trade, technological divides and the continuing erosion of commodity prices, which further complicated the situation in the developing countries. Attention should also be paid to the fact that globalization and some of its fundamental components, such as trade liberalization and free competition, would not necessarily lead to rapid growth and economic expansion in the developing countries. Lastly and paradoxically, although the major Powers were encouraging the developing countries to strengthen their efforts to liberalize trade, the latter were encountering more and more obstacles to their exports: anti-dumping measures, safeguards and quotas, as well as environmental and labour standards which contravened the rules set by the General Agreement on Tariffs and Trade (GATT) and the multilateral trading system, not to mention unilateral sanctions.

46. In recent years, the United States had adopted over 40 laws and decrees imposing unilateral economic sanctions against 75 nations which accounted for some two-thirds of the world population. The Helms-Burton Act, which had been widely condemned by the international community, was an appalling example of the violation of WTO rules and the principles of free trade and freedom of navigation. Fortunately, despite the extremely complex situation created in Cuba by that Act, the country had managed to increase its external trade by an annual rate of 15.6 per cent between 1993 and 1997; Cuban enterprises had dealt with 146 countries in 1997, over 600 foreign firms were represented in the country and three free zones had been opened there. Economic association agreements had also been signed with foreign capital, as well as bilateral agreements to protect and promote investment. Cuba had also participated in the integration process in Latin America and the Caribbean through its affiliation with the Latin-American Economic System (SELA) and the Association of Caribbean States (ACS), and had acquired observer status with the African, Caribbean and Pacific Group (ACP) associated with the Lomé Convention. Despite the obstacles placed in its path, Cuba was thus endeavouring to participate in the process of integration into the world economy, in which trade had a vital role to play. In that connection, it should be remembered that those who deprived sovereign States of their right to trade were in no position to claim any moral or legal right.

47. **Mr. Tchoulkov** (Russian Federation) noted that, during the four months which had passed since the substantive session of the Economic and Social Council, the world trade situation had unfortunately deteriorated. The recent financial crisis had resulted in the reduction in internal demand and had greatly limited the possibilities of securing commercial loans. Coupled with the erosion of commodity prices, those trends had adversely affected trade. In the case of his own country, the volume of external trade had fallen by 7 per cent during the last eight months compared with the corresponding period for the previous year, while trade with countries other than the member States of the Commonwealth of Independent States (CIS) had

particularly suffered. That situation represented a dangerous trend in that, during periods of financial crisis, external trade was a source of income that was vital to overcoming the difficulties encountered. Unless halted, the crisis was likely to become chronic and the price to pay would be heavier, not only for the countries directly affected, but for the entire international community. It was therefore more essential than ever to adopt concerted measures to ensure that countries in critical situations had easier conditions allowing them access to markets and financial resources.

48. In that regard, his delegation shared the concerns expressed by UNCTAD in its 1998 trade and development report concerning the re-emergence of protectionism and endorsed the report's conclusions concerning the need for strengthened international monitoring of the use of discriminatory trade practices, particularly anti-dumping measures, and for preferential treatment to countries hit by the crisis.

49. He drew the Committee's attention to another problem that was extremely important for a large group of countries, including his own, namely, accession to the World Trade Organization (WTO). At every major forum dedicated to the issues of world trade development his delegation had constantly spoken of the importance of the principle of universality, yet 32 countries, with a population of more than 1.5 billion people, had been held up in negotiations on accession to WTO for many years and still had no access to world markets guaranteed by international rules. The main reason for the problem, in his delegation's view, was that the leading trade Powers demanded too much of the countries seeking accession. It shared the opinion expressed in the Secretary-General's report on the implementation of General Assembly resolution 52/182 that such countries should be given preferential treatment taking due account of their level of development and the competitiveness of various sectors of their economy, since the WTO agreements generally provided for a transition period to enable countries to take progressive steps to meet their obligations.

50. Furthermore, the Russian Federation and the other countries seeking admission to WTO trusted that the next round of multilateral trade negotiations would be open for participation by all the States concerned, irrespective of how far they had moved towards membership. That would give them the opportunity to bring their economy and trade practices into line with the norms and obligations that would be agreed upon.

51. His delegation believed that the contribution of the United Nations Conference on Trade and Development (UNCTAD) to the promotion of integrating developing countries and countries with economies in transition into the international trading system was significant, although its potential for activity in that direction was far from exhausted.

52. **Mr. Jayanama** (Thailand), speaking on behalf of the Association of South-East Asian Nations (ASEAN), said that, according to the 1998 *World Economic and Social Survey*, trade and service liberalization had led to accelerated growth in both developed and developing countries. The ASEAN countries, which had received their share of the benefits, would continue to work closely with other WTO members towards a fair and open multilateral trading system. In that context, that body should give priority to the implementation of existing Uruguay Round commitments and ensure that all countries could both benefit fully from trade liberalization and sustain its momentum. It should also help developing countries in their preparations for trade negotiations and enhance the universality of WTO membership by admitting them in accordance with their levels of development.

53. The ASEAN countries welcomed the Declaration of Ministers of the Least Developed Countries, adopted on 28 September 1998, particularly regarding the follow-up of the High-level Meeting on Integrated Initiatives for Least Developed Countries, Trade Development. ASEAN also recognized the significant role played by regional trading arrangements, which could usefully complement the multilateral trading system provided that they complied with its rules and at the same time maintained the principle of open regionalism. Since WTO faced many challenges at the dawn of a new century, it would need a dynamic Director-General who could guide it through its great evolution, manage the delicate balance of interests between developed and developing countries and promote North-South and South-South cooperation. ASEAN therefore endorsed the candidature of Mr. Supachai Panitchapakdi, Deputy Prime Minister and Finance Minister of Thailand, whom it believed equal to that demanding post.

54. ASEAN welcomed the outcome of the recent session of the UNCTAD Trade and Development Board. The Board had reiterated the adverse impact of the financial crisis on commodity prices, which had been a major factor in reducing export earnings and growth in a number of countries, especially developing countries. The Conference should continue to study international trade and monetary and financial issues as part of its work on interdependence with a development perspective. In that connection, ASEAN wished to thank the Government of Thailand for its offer to host the tenth session of the Conference in 2000 despite its financial difficulties.

55. With regard to the financial crisis, he said that the ASEAN countries had taken various measures to counter the destabilizing effects of volatile capital flows across the globe, but they had in common the goals of restoring confidence, achieving microeconomic and macroeconomic stabilization and strengthening economic fundamentals, both structurally and functionally. A regional surveillance mechanism had also been set up to help prevent future crises. At the Thirteenth Meeting of the ASEAN Economic Ministers it had been decided to accelerate tariff reductions to help meet the goal of an ASEAN free trade area by 2003. A framework agreement to create an ASEAN investment area by 2010 had been signed.

56. While devaluation could stimulate exports, other factors should be taken into consideration, too, such as import prices, interest rates and investor confidence. Demand also had to be stimulated in developed-country markets and an environment should be created that would lessen the effects of the crisis on other continents. Consideration should also be given to the trade-related financing needs of the countries most affected by the crisis to enable them to import essential items. Their major trading partners should join forces in adopting policies applicable not only to local interests but also to global economic recovery.

57. The pervasiveness of the crisis had reflected the interdependence of the world's economies and the need for solidarity among countries. In South-East Asia the crisis called for closer cooperation among the ASEAN countries. Globally, there should be a review of the international financial architecture; otherwise, a durable solution to the crisis would be hard to find and the multilateral trading system might not continue to function effectively.

58. **Mr. Yuan Shaofu** (China) said that the impact of globalization and liberalization on the countries of the world was uneven. The weak economic foundation of the developing countries and their inferior competitive position meant that in the short and medium term they could hardly benefit from liberalization, and indeed ran the risk of being further marginalized. The Asian financial crisis provided a cautionary tale about the unpredictable risks associated with globalization and liberalization and the dangers faced by the developing countries in their efforts to open up their markets.

59. As an important tool in promoting globalization and liberalization, the multilateral trading system had played a role in settling international trade disputes and reducing general tariff levels. It had not, however, solved all problems nor reflected in a balanced way the interests of all sides. The developed countries continued to hinder the export of developing countries' products through tariff peaks, tariff escalations, rules of origin and labour and environmental standards. They also delayed the implementation of some of the Uruguay Round trade agreements which were particularly crucial for the developing countries, such as the textiles and clothing agreements. Given the developed countries' stranglehold on decision-making in the multilateral trading system, the liberalization process had become divorced from the realities of the developing countries, whose economic security was threatened.

60. In order to remedy that situation and to ensure that developing countries participated actively in the liberalization process, benefiting from the opportunities it offered, several conditions should be met. Firstly, new concepts were needed. Globalization did not mean enforced uniformity. Every country had the right to choose its own way of participating in globalization, according to its own characteristics. Liberalization was not an end in itself, but a means of promoting development and eradicating poverty. Secondly, a prudent and gradual approach to sectoral liberalization was needed, taking account of the specific conditions, level of development, economic resilience and objectives of the country concerned. Thirdly, tariff and non-tariff barriers should be eliminated, in accordance with the Uruguay Round agreements, in order to provide greater market access to developing countries' products including textiles and clothing.

61. The ninth session of the United Nations Conference on Trade and Development (UNCTAD) had set itself the objective of creating a partnership that would promote growth and development in order to help developing countries integrate gradually and effectively into the international economic and trade system. While the current mid-term review of the implementation of the Final Document of the session had shown that UNCTAD had performed its tasks satisfactorily, much remained to be done. UNCTAD should first facilitate the establishment of an equitable, secure, non-discriminatory and predictable multilateral trading system through close cooperation with WTO, IMF and the World Bank. It should then improve its analysis of macroeconomic issues, including its monitoring of the financial liberalization process, in order to provide more effective policy guidance. Finally, it should provide developing countries with more technical assistance in priority areas, helping them to better defend their own interests in multilateral trade negotiations and to protect themselves against the risks associated with globalization.

62. China's national policies were based on opening up the economy and reform. It had made tremendous efforts to

improve market access by lowering customs duties and bringing its trade rules into line with those of WTO. It was determined to participate actively in the globalization and liberalization process and to abide strictly by international rules, as its responsible behaviour during the Asian financial crisis had proved.

63. China hoped that it would be able to join WTO without its being subjected to stricter conditions than those imposed on other developing countries. WTO could not claim to be representative or universal enough to play a role in the globalization process if it did not include China, the tenth largest trading nation, and other developing countries.

64. **Mr. Crighton** (Australia), speaking on behalf of the Cairns Group of agricultural exporting countries, said that the Group took the opportunity to welcome South Africa as its first African member. The Group's membership represented a broad geographical spread, covering both developing and developed countries. It was therefore an excellent barometer of how successful the Uruguay Round had been and of the benefits that it had delivered to WTO members. The Group was firmly committed to achieving a market-oriented agricultural trading system, as sought by the agreement on agriculture. It hoped that the next round of WTO agricultural trade negotiations would achieve fundamental reform, placing agricultural trade on the same footing as trade in other goods.

65. In terms of the perceived gains from the Uruguay Round, many members of the Group were concerned at the belief that much more liberalization was needed to remove the distortions and restrictions which plagued agricultural trade. At a time when many developing countries were under pressure from both external and domestic economic factors, that belief was a real concern for those who considered WTO and its rules to be essential to the overall functioning and stability of the multilateral trading system. Developed countries which had benefited from the trading system should make certain that the interests of the developing countries were addressed in the next round of agricultural negotiations in order to ensure the continuing support of those countries for the WTO system.

66. It was important that developed countries kept their markets open to developing countries, helping them to pursue their comparative advantage in agriculture as part of their adjustment process. Concerned about the impact of the Asian financial crisis, the Cairns Group Ministers had agreed that the maintenance of open world markets would facilitate the quick recovery of the countries affected. It was also important that comparative advantage, not the size of government treasuries, determined the improvement of market access and the restructuring of agricultural trade.

67. The Uruguay Round agriculture negotiations had demonstrated the robustness of the global trading system and the respect in which it was held. However, the system could fall into disrepair if account were not taken of the needs of all members. The Cairns Group had made a statement of its ambitions for the next round of negotiations. Firstly, all export subsidies should be eliminated and agricultural export credits should be brought under international discipline. Secondly, access opportunities for agricultural products should be subject to the same conditions as those for other goods. Tariff peaks should be curtailed and tariff escalation should be removed, while tariffs should be cut, non-tariff barriers eliminated and trade volumes under tariff rate quotas increased substantially.

68. Overall levels of domestic support for agriculture remained far in excess of subsidies available to other sectors. The 1999 negotiations should remedy that situation, permitting only non-distorting forms of support, and ensuring that income aids did not distort production and trade.

69. Special and beneficial treatment for developing countries, including the least developed countries and small States, should remain an integral part of future negotiations, which should continue to take account of the requirements of those countries, particularly with regard to technical assistance.

70. The global trading system must benefit all. Subsidies penalized consumers and taxpayers in the subsidizing countries as well as efficient producers and exporters. The complete liberalization of agricultural trade would bring important benefits in terms of economic growth, improved welfare, food security and sustainable development.

71. The Cairns Group would press ahead with further WTO agriculture negotiations, which should show that the international trading system worked for all countries.

72. **Mr. Ndiomu** (Nigeria) said that although the globalization of the economy through trade liberalization had created considerable opportunities for the expansion of trade and financial flows, it had also had the effect of intensifying the marginalization of those countries that did not have the necessary capacity to increase their exports or to attract investment. In the case of Africa, globalization had penalized exports, which were wholly based on primary commodities, and the progress achieved in diversification into industrial exports had been insignificant, even non-existent. According to projections, the financial benefits

which the non-OECD countries could expect to derive from the Uruguay Round of multilateral trade negotiations would be on the order of US$ 30 billion to US$ 90 billion in 2002, while Africa was expected to lose US$ 1.2 billion every year from 1998 to 2002.

73. In order to integrate Africa, and the developing countries in general, into the global economy and to reverse the process of marginalization, it was necessary first of all to achieve internal economic and industrial integration. Many developing countries, including Nigeria, had therefore adopted reform programmes with the objective of trade liberalization through structural adjustments to ensure better market access for their exports. Some 22 African countries had concluded such agreements with IMF.

74. According to the figures published in the 1997 IMF report, Africa had recorded positive results in terms of growth, combating inflation and reducing deficits. Those encouraging results, however, concealed certain weaknesses. Savings rates were still inadequate by far; the manufacturing sector was stagnant; and infrastructure problems and supply-side constraints had crippled growth and exports. That situation was aggravated by the debt problems of the developing countries. In most developing countries, particularly in Africa, the expansion of trade was hindered by the smallness of markets, the high cost of transport and the lack of communications links. Thus, in spite of the efforts made by the African countries to implement reforms, their share of the global market accounted for only 2 per cent of world trade.

75. Nigeria paid tribute to the efforts of UNCTAD to build regional and national capacities for trade in the developing countries. It was encouraging to note that UNCTAD intervened at the regional level to implement decisions concerning the elimination of non-tariff barriers in trade within the Common Market of Eastern and Southern African States. However, the initiatives taken by UNCTAD, the World Trade Organization (WTO), the World Bank and IMF were unlikely on their own to reverse the slowdown in the developing countries' exports and economic growth unless they were accompanied by a dramatic increase in official development assistance from the OECD countries, which must achieve the agreed target of 0.7 per cent of GNP, and by concerted action to cancel a substantial part of the developing countries' debt. While continuing to support trade liberalization in both the developed and the developing countries, efforts should be geared towards substantially reducing all tariffs affecting developing countries and increasing multilateral surveillance of all the obligations and rules of international trade.

76. In conclusion, he said that UNCTAD should give its work on globalization and development strategies a greater regional dimension. In order to encourage the expansion of trade in the developing countries, the emphasis should be placed on capacity-building and improving opportunities for market access. Finally, UNCTAD should work with WTO to ensure the implementation of special and differential provisions in favour of the developing countries, as provided for in the Uruguay Round agreements.

77. **Ms. Yoo Hye-ran** (Republic of Korea) said that her delegation fully supported the recommendations contained in the ministerial communiqué adopted at the conclusion of the deliberations of the Economic and Social Council's substantive session. The communiqué clearly articulated multilateral trading issues in the broader perspective of development.

78. Regarding future trade liberalization negotiations, she reiterated her Government's view that today's economic realities called for a new round of multilateral trade negotiations with a much broader scope than the built-in agenda. Such an approach would help to maintain a more stable balance of interests among all participating countries. Due account must be taken of the developing countries' concerns so as to ensure their full integration into the multilateral trading system. In particular, the marginalization of the least developed countries should secure the international community's urgent attention. To that end, her delegation wished to emphasize the need to ensure the full implementation of the WTO Plan of Action for the Least Developed Countries. For its part, the Republic of Korea planned to grant preferential duty-free access to various major items of export interest to the least developed countries, in accordance with the pledges it had given. Furthermore, the Republic of Korea, in collaboration with the Office of the Special Coordinator for Africa and the Least Developed Countries, would be hosting a forum on Asia-Africa cooperation in export promotion in Seoul in December 1998, which was intended to support capacity-building in African countries to help them to develop and diversify their exports.

79. UNCTAD had an important role to play in facilitating the integration of developing countries into the multilateral trading system, complementing the action being taken by WTO. The current difficulties of the global economy, caused by the Asian financial crisis, provided an additional incentive for the international community to reaffirm its confidence in the multilateral trading system. It was absolutely crucial to combat any protectionist impulse and to see to it that markets were kept open.

80. **Ms. Arystanbekova** (Kazakhstan), focusing on the problem of developing transport systems in the Central Asia region, paid tribute to the efforts of the United Nations specialized agencies in implementing the provisions of General Assembly resolution 51/168, entitled "Transit environment in the landlocked States in Central Asia and their transit developing neighbours", and thanked the UNCTAD secretariat for its detailed report on the subject (A/53/331). As noted in the report, the emerging trade pattern in Central Asia had been characterized by change in the direction of trade and the product mix, and as a result new markets outside the Commonwealth of Independent States (CIS) area were becoming important destinations for Central Asian exports. However, the trade to and through the Central Asia subregion was hampered by prohibitive transport costs which in many cases represented up to 60 per cent of the value of imports. Central Asia and its trading partners therefore had a strong incentive to improve the efficiency of the main transit transport routes which not only linked Central Asia with the rest of the world but also facilitated transport between Asia and Europe.

81. By reason of its geographical location, Kazakhstan faced an acute problem of access to international transport routes. The country possessed abundant natural resources and vast hydrocarbon reserves, but its remoteness from international markets was an obstacle to their exploitation. The development of the transport and communications infrastructure had therefore been included among the priorities in the national development strategy for the period up to the year 2030. The main directions that had been defined within that strategy were the following: the establishment of a rational transport system and its integration into the world transport network, ensuring access to the sea; the modernization of the existing railways, roads, ports and airports; and the improvement of the system for managing the infrastructure.

82. A special programme aimed at developing the national road network and the major international routes through Kazakhstan was being implemented. At the international level, a second international conference (TransEurAsia '98) had been held in Almaty with a view to developing the transport infrastructure in the Central Asia region. Cooperation with the United Nations and its specialized agencies and programmes was also a priority for Kazakhstan. The work undertaken by UNCTAD to elaborate a programme aimed at improving the efficiency of transit transport in the Central Asian States could contribute towards promoting the integration of those countries into the world economy. Kazakhstan regarded with great hope the United Nations Special Programme for the Economies of Central Asia (SPECA) drawn up by the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific, which aimed to develop the transport infrastructure and intensify regional cooperation on creating ways of delivering hydrocarbons to the world market. An important role was also played by the Economic Cooperation Organization (ECO), which had adopted the Programme of Action for the Transport and Communications Decade in the ECO region and the Almaty Declaration and Framework Agreement on Transit Shipments drawn up with the technical assistance of UNCTAD and UNDP.

83. General Assembly resolutions 49/102 and 51/168 had marked the beginning of the process of shaping the transport infrastructure in Central Asia and had thus contributed to creating the prerequisites for the access of goods and services from the States of that region to international markets. Given the vital need to continue to intensify the cooperation between the States of the region and United Nations organizations, her delegation would shortly submit a draft resolution on the matter for consideration by the Second Committee.

84. **Mr. Gerus** (Belarus) said that the presence of conditions conducive to international trade was currently one of the key factors for development and economic growth. Consequently, the establishment of an open, transparent and predictable multilateral trading system, which reflected the interests of all States and contributed to the stable development of the global economy, was crucial. The combined efforts of a number of countries within the framework of WTO had produced encouraging results, but the multilateral trading system was far from perfect. The work being undertaken by Governments and the relevant international organizations must therefore continue. It was regrettable to note, for example, that the practice of imposing protectionist and discriminatory measures against products exported by developing countries and countries with economies in transition and invoking ecological and phyto-sanitary norms for protectionist purposes was still current. The recourse by many industrialized countries and some developing countries to anti-dumping sanctions was another cause for concern, particularly since those measures most often affected chemical, textile or agricultural products, which accounted for a sizable portion of the exports of developing countries and countries with economies in transition.

85. His delegation was convinced that the integration of developing countries and countries in transition into the multilateral trading system and their admission to WTO were prerequisites for their full integration into the world

economy. Currently, more than 30 countries, including Belarus, were conducting consultations on those questions. Given that the process was a long and difficult one, they must be able to count on the support of the States members of WTO and the relevant international organizations, including UNCTAD. It was important to facilitate the admission of the largest possible number of countries before the initiation of the next round of multilateral trade negotiations because, after the adoption of new agreements, the conditions for admission to WTO would be even more difficult.

86. That being the case, it was clear that neither the efforts of the Governments of the developing countries and countries with economies in transition, nor those of the relevant international organizations, would be sufficient to establish an open and universal multilateral trading system on an equitable basis. Participation by the industrialized countries was essential and should take the form of practical action. In that connection, Belarus considered it unacceptable that certain States were seeking to impose on countries newly admitted to WTO obligations more onerous than those provided for in the existing multilateral trade agreements.

87. Belarus was satisfied with the outcome of the second meeting of the working group on the admission of the Republic of Belarus to WTO, which had been held in Geneva on 28 April 1998, although certain difficulties remained to be overcome with respect to the modalities of access to the services market, that sector currently being insufficiently developed in Belarus. In that connection, he hoped that the agreements which had already been concluded with UNCTAD in that area would be speedily implemented.

88. **Mr. Kamal** (Pakistan) said that his delegation wished to associate itself with the statement by the representative of Indonesia on behalf of the Group of 77 and China. The importance of trade in promoting economic growth and development could not be overstated. Unfortunately, the gains from trade liberalization had been unevenly distributed. The anticipated benefits of the Uruguay Round agreements had not materialized for the majority of developing countries, and there had been little progress in widening market access for products in which Africa enjoyed a comparative advantage. Indeed, sub-Saharan Africa had been a net loser.

89. It was also necessary to stem the new tide of protectionism in the developed countries, where, over the past two decades, there had been ever greater recourse to new measures to block exports from the developing countries. It was deeply disappointing to note that the more the developing countries preached openness, the more they engaged in restrictive practices.

90. The need to address trade issues in a comprehensive manner had been further underlined by the financial crisis in Asia, which was likely to affect developments in international trade during the period ahead. The main impact on the developing countries had been a reduction of demand for their exports and a decline in world commodity prices. The effects on the industrialized countries, on the other hand, had been favourable but, despite those advantages, they were tending to take protective action, having recourse to anti-dumping measures.

91. In order to prevent the pendulum of opinion from swinging too far back in opposition to openness, the international community must endeavour to render the international architecture of trade and finance more equitable. The provisions of the Uruguay Round agreements must be faithfully implemented. It was also important to ensure that markets remained open and the growth of world trade continued if the crisis was to be overcome. To that end, it would be necessary to further liberalize trade in specific products of interest to the developing countries, to give priority during the preparation of the third WTO Ministerial Conference to issues of particular importance to those countries, to expand the scope of the provisions in the WTO agreements regarding differential and more favourable treatment so that those countries might benefit from them; and to eliminate the new protectionist measures. Finally, countries with a trade surplus should increase their contribution to world demand.

92. In all negotiations, efforts should be made to balance the interests of developed and developing countries and to ensure that the benefits were equitably distributed. More even economic growth would create larger markets and greater economic opportunities for all countries. That was the secret of the success of an open, equitable and rule-based multilateral trading system.

The meeting rose at 1.10 p.m.

United Nations A/C.2/53/SR.30

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Second Committee

Summary record of the 30th meeting
Held at Headquarters, New York, on Friday, 30 October 1998, at 3 p.m.

Chairman: Mr. Odyek-Agona (Vice-Chairman) ..... (Uganda)
later: Mr. Özügergin (Vice-Chairman) ..... (Turkey)

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(e) Implementation of the Programme of Action for the Least Developed Countries for the 1990s

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98-82033 (E)

In the absence of Mr. Asadi (Islamic Republic of Iran), Mr. Odyek-Agona (Uganda), Vice-Chairman, took the Chair.

The meeting was called to order at 3.05 p.m.

Agenda item 91: Macroeconomic policy questions (*continued*) (A/53/60, A/53/62, A/53/69, A/53/185, A/53/416, A/53/447 and Corr.1; A/C.2/53/4)

(a) Trade and development (*continued*) (A/53/15 (parts I, II and III), A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/331, A/53/510)

1. **Mr. Ismail** (Kenya) said that there had been no significant improvement in the terms of trade of developing countries, and their share of world trade had been declining. Although globalization and liberalization of the world economy had increased the opportunities for growth and development, developing countries, especially least developed countries, faced the risk of further marginalization. Moreover, the economies of those countries suffered, *inter alia*, from supply side constraints, structural weaknesses, weak technological capacity, and the lack of long-term finance. Their heavy dependence on commodities represented a major constraint on the ability of many developing countries to take advantage of the trading opportunities resulting from globalization and liberalization. The persistence of exchange-rate, interest-rate as well as commodity-market instability continued to adversely affect developing countries. In that connection, the international financial institutions, particularly the International Monetary Fund (IMF), should oversee the coordination of global macroeconomic policies and financial markets in order to minimize exchange-rate and other kinds of instability, while at the same time promoting growth and employment generation. There was also a need for coordination in global economic policy with the full participation of developing countries.

2. His delegation was seriously concerned about the decline in the ratio of official development assistance (ODA) to gross national product (GNP) of donor countries and the significant decline in real terms of world ODA flows. Members of the international donor community should therefore honour their commitment and meet the internationally agreed target of 0.7 per cent of their GNP for ODA. While Kenya welcomed the measures taken to deal with the debt problem, it believed that the international community should take measures to find durable solutions to the external debt problem of developing countries and promote investment and trade flows to those countries.

3. There was a wide scope for cooperation and harmonization of the work of the United Nations Conference on Trade and Development (UNCTAD), the World Trade Organization (WTO), the International Trade Centre and international financial institutions. UNCTAD should continue to focus on the integrated and analytical treatment of policy issues related to development in the areas of finance, trade, technology and investment as well as technical cooperation. The expected gains of trade liberalization could not be disassociated from the costs of adjusting to new patterns of production. Therefore, the various special measures designed to mitigate the adverse effects of adjustment on the least developed countries should be fully implemented.

4. Since economic progress could not be achieved by domestic efforts alone, substantial external assistance would be necessary. The international donor community should support the efforts of developing countries by providing a package of financial, technological, managerial and investable resources, supported by a high degree of international cooperation involving both the private and public sectors.

5. **Mr. Sin Song Chol** (Democratic People's Republic of Korea) said that given the increasing marginalization of a number of developing countries, it was important to address trade and development issues in a fair and timely manner. Accordingly, the developed countries should pay special attention and respond positively to the final documents adopted at the summit of the Movement of Non-Aligned Countries and at the ninth session of UNCTAD.

6. The necessary conditions and environment should be created to enable developing countries to benefit from the global trading system. Efforts should be made to strengthen the Generalized System of Preferences and to provide developing countries with market access opportunities through expanded preferential treatment. Developed countries should cooperate with developing countries to help them overcome the difficulties they were facing and should provide them with technical assistance, as they had promised. There was also a need for measures to strengthen the roles of developing countries in the international economic and trading system and to ensure their full participation in the decision-making process of the multilateral financial, economic and trade institutions. In addition, the development-related organizations of the United Nations, in particular UNCTAD, should focus their activities on accelerating the trade and development of the developing countries in a more efficient and effective manner by enhancing their functions and role.

7. In recent years, unilateral and extraterritorial coercive measures by certain developed countries against developing nations, had had serious adverse repercussions on the target countries as well as on third parties. The imposition of such sanctions had long been one of the main concerns of the international community. The recent Conference of Heads of State or Government of the Movement of Non-Aligned Countries in Durban, South Africa, had reiterated that concern. In that connection, he drew attention to a communiqué (document A/53/185) issued by the Permanent Mission of the Democratic People's Republic of Korea.

8. **Mr. Öztürk** (Turkey) welcomed the UNCTAD report on the transit environment in the landlocked States in Central Asia and their transit neighbours (A/53/331) and drew attention to document A/C.2/53/4 containing the text of the Baku Declaration adopted at the International Conference on Restoration of the Historic Silk Route.

9. Improving the efficiency of transit routes and developing alternative pipeline systems would greatly contribute to trade expansion for the Central Asian countries. In that regard, his delegation supported the European Union's contribution to the implementation of the Europe-Caucasus-Asia transport corridor (TRASECA) programme and welcomed the conclusion of the Basic Multilateral Agreement, which provided a legal and regulatory framework in the transport domain. The establishment of the Intergovernmental Commission and its Permanent Secretariat in Baku would contribute to developing further the coordination of the policies of the countries involved. Turkey had already taken steps to construct a new Eastern Black Sea highway which would upgrade the link between TRASECA and the Pan-European transport network. Regarding the transportation of oil and natural gas pipelines, Turkey had presented the Caspian-Mediterranean pipeline project as an efficient and environmentally safe method of exporting oil and natural gas from the Caspian Basin to international markets. That project, also known as Baku-Ceyhan, could ensure energy security in the entire region. While Turkey did not oppose the development of other routes from the Black Sea coast, there were inherent risks in transporting oil through the Turkish Straits.

10. Turkey was of the opinion that addressing the issue of the transit environment of Central Asia and the Caucasus, which was intricately linked to Central Asia, presented immense opportunities for subregional, regional and international cooperation and firmly believed that the effects of such positive contribution would be felt in the enhancement of international peace and security and the growth of confidence and stability.

11. **Mr. Volski** (Georgia) said that the Baku Conference had created the legal basis for the development of transit systems in the Europe-Caucasus-Asia transport corridor. The Baku Declaration had made known to the world that the historic silk route was no longer a concept but a working mechanism. It was not just the countries of the region concerned that realized the magnitude of contributions that the speedy development of economic projects could make to strengthening international cooperation and peace. Attention must be paid to the question regarding the safeguarding of the transit system and existing agreements concerning such safeguards. The arguments put forward by the interested parties should be carefully analysed. It was inadmissible to create controversy among interested countries and to raise that dispute on an international level. The participation of relevant United Nations bodies could do much to ensure the compatibility of legal instruments and technical standards along the transport corridor. It was to be hoped that the next report of UNCTAD would be more comprehensive and that progress in the development of the oil pipeline system would be given adequate attention.

12. **Mr. Noureddin** (Singapore) said that the temptation to move away from openness was real and could jeopardize implementation of the Uruguay Round commitments. Developing countries needed to enhance market access in areas of their export interest, especially where tariffs in developed markets remained high, such as in processed goods, tropical products and textiles. Thus, the second WTO Ministerial Conference had agreed on a balanced and forward-looking future work programme for WTO which would address the problems of implementation as well as provide scope for further broad-based trade liberalization. It was important to adhere to all elements of the work programme, and to develop a positive agenda that would address the interests of developing countries in future trade negotiations. If the global framework were damaged, regional efforts at trade liberalization would also falter.

13. It was necessary to guard against growing protectionist pressures that threatened to impede the momentum of trade liberalization. While developing and developed countries were increasingly concerned about the financial crisis, the question was what impact the financial crisis was having on the trade liberalization and investment flows among affected countries. Any widespread retreat from free markets would damage long-term growth prospects for everybody. Closing off export markets would choke off the recovery of the affected countries. Developed countries should therefore keep their markets open to exports from the developing world.

14. Steps must be taken to build for the twenty-first century a global system that was socially responsible while expanding opportunities. People would not assume the risks of a free international market unless they were confident that such a system would benefit them and raise their standards of living. That would require Governments to put in place the necessary domestic regulatory framework and infrastructure to maximize the benefits from trade liberalization. The particular needs of developing countries in such capacity-building must be addressed. Enhanced globalization should enhance, not undercut, the human condition.

15. **Mr. Azaiez** (Tunisia) said that, while globalization was a powerful lever for economic growth, it had also been a major cause of financial instability. Developing countries had been particularly vulnerable to financial fluctuations. Accordingly, efforts should be made to strengthen the participation of such countries in economic decision-making. In that connection, the international community and United Nations bodies could cooperate with the Bretton Woods institutions to promote the establishment of mechanisms that could shield developing countries, especially the least developed ones, from cyclical fluctuations. Multilateral mechanisms could be identified to control international capital flows and monetary fluctuations. Such mechanisms could fit into the new architecture of IMF that the rich countries planned to establish. Highlighting a number of measures taken by his Government in the monetary and financial fields within the framework of globalization, he said that the programme for the modernization of the country's banking system had focused on the restructuring of that system, modernizing means of payment and designing an appropriate legal framework for the introduction of new funding instruments.

16. With respect to UNCTAD, it should strengthen its technical assistance to developing countries to enable those countries to enhance their bargaining position and benefit from the opening up of service markets. Tunisia accorded considerable importance to institutional cooperation between UNCTAD and WTO and believed that they should stress the need to balance the interests of developing countries with those of developed countries.

17. **Mr. Reva** (Ukraine) said that in view of the negative impact of the global financial crisis and the fact that the rate of economic growth and international trade would be much lower than expected, Governments, international organizations and financial institutions must undertake adequate measures nationally and globally to stimulate international trade and direct foreign investment. It was particularly important to maintain transparency and equal access to markets. Pursuing a policy of protectionism would inevitably have a pernicious influence on many countries.

18. Since the second WTO Ministerial Conference, multilateral negotiations had been successfully completed on basic telecommunication and financial services, and Ukraine was looking forward to a new round of negotiations on investment rules, trade services, agricultural production, intellectual property and the reduction of tariff rates. To achieve genuine universality for the multilateral trade system, it was imperative to speed up accession to WTO by a number of countries, including Ukraine. In order to facilitate such negotiations, UNCTAD must play a key role in assisting developing countries and countries with economies in transition in liberalizing services and agricultural production, and other sectors. UNCTAD could also achieve more tangible results in providing technical assistance in trade services and training national staff in foreign trade and related areas.

19. In the past four years, Ukraine's foreign trade turnover had been growing steadily, but its progress towards economic openness and integration into the world economy continued to be hampered by external factors, such as anti-dumping measures which prohibited its export of rolled metal. Such problems would not be so acute if Ukraine were a member of WTO.

20. UNCTAD acquired special importance in view of the global financial crisis, and the reformed UNCTAD was the most relevant forum in the United Nations system for considering complex problems of trade, as well as problems relating to investments, technologies, services and the development of business undertakings.

21. **Mr. Kouliev** (Azerbaijan) said that one of the main reasons for the worsening economic situation of his country and of the other newly independent States of Central Asia and the Caucasus, was the disintegration of the horizontal and vertical commercial and production relations and the destruction or lack of transport and communications systems. A reliable transport system was essential to a country's development; it was especially important for landlocked countries. The trans-Caspian route linking the Central Asian region with Europe by rail and road was extremely important for developing the energy resources of the Caspian and transporting them to world markets.

22. The Europe-Caucasus-Asia transport corridor (TRASECA) was a programme of great importance for the States of Central Asia and the Caucasus. Its implementation would make it possible to ensure access to trans-European and trans-Asian transport networks, improving market access

and enhancing the integration of European and Asian countries.

23. In that connection he drew attention to the recent International Conference on Restoration of the Historic Silk Route which had resulted in the signing of the Basic Multilateral Agreement on International Transport for Development of the Europe-Caucasus-Asia Corridor and the Baku Declaration.

24. **Mr. Rahmanov** (Turkmenistan) said that the report prepared by UNCTAD (A/53/331) reflected the emerging trade and transit patterns, the economic recovery of the Central Asian region and the measures already under way to improve the efficiency of transit transport. Turkmenistan, as a newly independent developing country like many in its region, had opened up great economic potential due to its enormous natural wealth. As the report stated, serious commercial exploitation of Central Asia's oil and gas reserves would only begin with the construction of new pipelines.

25. The exploitation and export of its energy resources through a pipeline system was not only in the interest of Turkmenistan. It would also accelerate the economic development of the countries of transit and the consumers. Projects to build new interstate pipelines would provide opportunities for Governments to strengthen mutual cooperation, as well as for the private sector, which supported their implementation.

26. Finally, he said that his delegation supported the draft resolution entitled "Transit environment in the landlocked States in Central Asia and their transit developing neighbours", sponsored by the delegation of Kazakhstan.

27. **Mr. Lacanlale** (United Nations Industrial Development Organization) said that in September 1998 UNIDO had organized a symposium in Abidjan, to assess the implications of the Asian financial crisis on Africa's trade and industry. The conclusion of the symposium had been that Africa would be affected more indirectly than directly. It was expected to suffer from reduced demand for its products in Asia, domestic competition from low-priced Asian imports, and increased competition in the world market. The slow-down in the world economy and the significant drop in the prices of non-fuel commodities were expected to reduce Africa's economic growth in the current year by 1 per cent. Moreover because of the need to support the Asian economies ODA and net capital flows to Africa were expected to drop. The symposium had stressed the need for African countries to, *inter alia*, move forward with their economic reform programmes and place greater emphasis on domestic resource mobilization, proper management of financial liberalization and prudent regulation of financial and stock markets.

28. UNIDO considered that it was equally important for African countries, and especially the least developed countries, to intensify their efforts to modernize and diversify their economies. UNIDO regarded its own role as being to help them to build and strengthen productive capacities and export-competitiveness, and more specifically to build a strong industrial base, develop human and technological capacities and promote foreign direct investment. The main focus of its new strategic partnership with UNCTAD was the promotion of investments, technology transfer and enterprise development to build the export capacity of the developing countries in the manufacturing sector. The UNIDO packages of integrated services aimed at enhancing those countries' export-competitiveness included improved industrial governance, industrial export capacity-building, industrial information networking, international industrial partnership and quality and certification for industrial competitiveness.

29. The Asian financial crisis was a wake-up call to the international community. International cooperation was indispensable in containing its contagious effects, but so was a resilient national economy built upon a strong industrial base; UNIDO's mission was to help build and fortify that industrial base for the benefit of all.

30. **Mr. Ileka** (Democratic Republic of the Congo) said that his country and its subregion were facing very grave economic and social problems resulting from wars and other catastrophes. Despite having made enormous efforts to implement sound macroeconomic policies, his country faced the prospect of remaining outside the globalization process for it had little to offer, having been ruined by three decades of mismanagement and was suffering the destructive consequences of an armed conflict it had not caused.

31. In 1997, his Government had drawn up a three-year plan setting out its economic priorities and measures to achieve them. Its intention was to create an open system which was flexible and combined market mechanisms with social security and justice. The State would intervene only if there was no viable private alternative, and its intervention would in no way interfere with the mechanism of the market. The Government's efforts required public and private financial input, particularly in respect of assistance in macroeconomic stabilization in order to stimulate the private sector, attract private investment and finance development.

32. The main cause of the many conflicts besetting Africa was poverty. Regional economic integration could begin to solve the problem, and his country had recently joined the

Southern African Development Community (SADC). Although it was placing particular emphasis on the South-South aspect of its cooperation, his Government would spare no effort to improve its relations bilaterally and multilaterally with all its partners. The Heavily Indebted Poor Countries Debt Initiative was of particular importance, pending a lasting solution to the debt problem.

33. **Mr. Lai Xuan Chieu** (Viet Nam) said that while the past 50 years had seen an impressive expansion of international trade and investment flows much remained to be done to ensure that the global trading regime was truly an open, rule-based, transparent and predictable multilateral regime benefiting both developed and developing countries alike. It was still difficult for commodities from developing countries to gain access to the markets of developed countries. The Generalized System of Preferences was being narrowed; tariff, quota anti-dumping and export restraint issues persisted as did trade barriers disguised *inter alia* as quality criteria, and environmental requirements. The negotiated results of the Uruguay Round in a number of crucial export areas, such as textiles and agriculture, needed to be implemented more effectively.

34. International cooperation mechanisms and international economic systems should commit themselves to the creation of a sound and fair economic and financial environment for all participating countries. Negotiations and discussions in such multilateral trading forums as WTO needed to take account of the situation of developing countries and to refrain from creating invisible trade barriers to their commodities by seeking to introduce extraneous issues into the WTO agenda. Developed countries should fulfil their commitments. International cooperation and assistance should be accelerated, as should including trade-related technical assistance and human and institutional capacity-building.

35. Viet Nam hoped that it would be admitted soon to WTO.

36. **Ms. Cardoze** (Panama), speaking on behalf of the Rio Group, noted that the heads of State and Government of the Rio Group, meeting in September 1998, had stated that the current globalization process had opened up fresh opportunities and created new challenges for the growth and social well-being of their countries. Above and beyond financial assistance, developing countries needed the firm application of norms and procedures to guarantee a transparent, just, fair and regulated multilateral trading system under the aegis of WTO.

37. Liberalization of international trade was a priority objective of the Rio Group, which also favoured the lifting of non-tariff barriers and the elimination of discriminatory and protectionist practices. As far as the Rio Group was concerned, WTO had a fundamental role to play in countering recent protectionist trends, especially with regard to agricultural subsidies and the use of compensatory rights to protect obsolete industries, and attempts to impose obstacles to the products of developing countries under the pretext of ensuring better environmental protection or labour rights; it also had a leading role to play in counteracting anti-dumping measures.

38. Members of the Rio Group urged the other members of WTO to honour their commitments; they, in turn, were open to discussing new items in WTO.

39. Cooperation in the areas of trade, investment and finance between the United Nations, UNCTAD, WTO, IMF and the World Bank was particularly crucial in view of the significance of monetary, foreign exchange and finance policies to the economic development of countries and, thus, of trade. The Rio Group welcomed the role of UNCTAD as focal point for the coordination of trade and development issues and urged UNCTAD to continue facilitating the integration of developing countries in the multilateral trading system and to carry out technical cooperation activities in order to enable the developing countries to benefit from the new opportunities afforded by the implementation of the Uruguay Round. There was a consensus within the Rio Group that the establishment of an open, secure, efficient and transparent trading system must be bolstered by the strengthening of international cooperation in order to ensure the transfer of necessary financial, technological and scientific resources from the developed to the developing countries. The adoption of resolutions on the item by consensus testified to the existence of the necessary political will to establish a multilateral trading system that was beneficial to all members of the international community. In that context, the Rio Group welcomed, in particular, the adoption by the Economic and Social Council, for the first time in its history, of a ministerial communiqué on market access and the developments since the Uruguay Round.

40. **Mr. Zarie Zare** (Islamic Republic of Iran) said that although the financial crisis in South-East Asia had had a global impact, the developing countries had been hardest hit: the price of commodities had either fallen or remained depressed and crude oil had suffered the sharpest decline ever. The establishment of an equitable, secure, rule-based, non-discriminatory and predictable multilateral trading system must be an integral part of any solution to the crisis. Under the current system, both tariff barriers, including high variance with tariff peaks and escalation, and non-tariff barriers, such as national or international product standards,

were severely hampering the exports of developing countries, particularly agricultural products, primary commodities and textiles. Ways must be found to remove those barriers. The elimination of unilateral and extraterritorial economic measures which targeted certain developing countries and easier access to WTO by developing countries were particularly vital to ensuring the universality of the multilateral trading system.

41. Alternative transit routes were crucial to the expansion of trade in landlocked Central Asia, which had enormous trade and investment potential. To that end, both physical infrastructure bottlenecks and non-physical barriers must be overcome. In particular, it was necessary to harmonize and simplify a broad range of institutional, procedural and documentary requirements. Recent initiatives by the Economic Cooperation Organization to facilitate transit among its member States represented positive steps in that direction. Through the expansion of road, railway, air and sea links with Central Asia, his country had helped afford those States cost-effective access to the major seaports of the Persian Gulf and, in addition, created a new trade route linking Europe to East and South-East Asia. That initiative had included the completion of the rail link between the Islamic Republic of Iran and Turkmenistan in 1996, heralded as the rebirth of the old silk road; the proposed construction of the Bafgh-Mashad railway in his country, which would reduce the distance from Turkmenistan to the Bandar-e-Abbās seaport on the Persian Gulf by 1,600 kilometres; and the completion of a railway from Kermān to Zāhedān that would link Central Asia to Pakistan. The Central Asian States were also seeking alternative pipeline routes to increase their oil and gas exports. Regrettably, such pipeline routes had been halted by outside pressures, forcing those States to use expensive substitute routes, which was detrimental to the environment and, ultimately, would stifle trade and investment in the region.

42. **Mr. Aujali** (Libyan Arab Jamahiriya) said that while the 1950s and 1960s had witnessed the liberation of many developing countries from foreign occupation, the economic subjugation of those countries had continued. Development required growth and changes in the economic, social and political infrastructure of the State. Sustainable development must deal with environmental and population issues. If such development were to be expedited, sustained economic growth must be supported by assistance from developed countries. However, since the 1980s, such assistance had been dependent on conditions laid down by the developed countries, which believed that world trade and a free economy were the two main factors in development. The economic relationship between developed and developing countries had been described as lacking in balance. The latter exported raw materials and imported manufactured goods, a situation that was detrimental to the development of industry in those countries. If developing countries were to continue to be merely exporters of raw materials, they would be permanently dependent on assistance from developed countries. Traditional trading patterns had led to prosperity for a certain social class in certain States, but such prosperity was not sustainable in the long term. It was for that reason that developing countries had called for a change in the world trading system.

43. The economic crisis in South-East Asia had affected many other countries, including petroleum-exporting countries; the current price of oil was so low that in many countries it was not economically viable to produce it. As a consequence, the assistance petroleum-exporting countries were able to offer to developing countries was also negatively affected.

44. One of the greatest obstacles to trade was the imposition of unilateral coercive economic sanctions and the enactment of extraterritorial laws. The General Assembly had adopted numerous resolutions, the most recent being resolution 53/10 of 26 October 1998, urging all States not to recognize or apply extraterritorial coercive economic measures or legislative enactments unilaterally imposed by any State and calling for the immediate repeal of any such measures that had been imposed on developing countries. The imposition of such acts as the D'Amato-Kennedy bill and the Helms-Burton Act did not merely contravene international laws and conventions, but conflicted with the values of civilized society.

45. **Mr. Cabactulan** (Philippines) stressed the importance of an open and rule-based multilateral trading system and of the implementation in practice of the principle of special and preferential treatment for the developing countries. To that end, the outcome of the Uruguay Round must be fully implemented, particularly measures to benefit developing countries. In addition, the WTO agricultural negotiations, scheduled to begin in late 1999, must accord priority to issues of special interest to developing countries that had not been adequately dealt with in the Uruguay Round. Referring to the communiqué of the Cairns Group ministers, he said that his delegation fully agreed that the necessary preparations must go forward in order to ensure that the WTO agricultural negotiations began on time and were completed at the earliest possible date. Such negotiations must consider ways and means of giving full meaning to the principle of special and preferential treatment for the developing countries, including substantial reductions in export subsidies and in trade-distorting policies on the part

of the developed countries. Beyond the removal of non-tariff barriers, the developed countries must take the lead and support the development efforts of developing countries according to specific timetables. In conclusion, his delegation agreed with the Group of 77 and China on the need to extend technical support to the developing countries in the conduct of the WTO negotiations and urged the appropriate agencies, including UNCTAD, to do so.

46. **Mr. Diseko** (South Africa) welcomed the statement delivered by the representative of Australia on behalf of the Cairns Group. Referring to the continuing economic marginalization of the developing countries, he questioned the basis of the rules elaborated by the Uruguay Round, which seemed overly biased in favour of the developed countries. His delegation believed that the implementation of the WTO built-in agenda and of agreements on preferential treatment for developing countries were as vital to the multilateral trading system as the establishment of the work programme of the third Ministerial Conference of the World Trade Organization and the agenda for the next round of multilateral trade negotiations. A credible multilateral trading system must ensure a balance between the interests of the developed and developing countries, particularly with regard to the dispute settlement mechanism.

47. He expressed appreciation for the report of the Trade and Development Board and stressed the need for wider dissemination and further analysis of its proposals, particularly those relating to the causes, prevention and management of financial crises. Both national and international action would be vital to that end. He called for the reform of the international financial architecture, including the establishment of a multilateral and domestic surveillance system.

48. Referring to the Declaration of the Ministers of the Least Developed Countries adopted at the beginning of the current session of the General Assembly, he stressed the need for the full integration of the least developed countries in the world trading system through, *inter alia*, their timely accession to WTO. His delegation also endorsed the call by the Trade and Development Board for the full implementation of the WTO Plan of Action for the Least Developed Countries, adopted by the first Ministerial Conference of WTO, including the implementation of the outcome of the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development.

49. Stressing the need for a supportive external environment, he echoed the appeal by the Trade and Development Board for the restoration of official development assistance to levels consistent with agreed United Nations targets. Development partners must also work jointly to increase foreign direct investment in the least developed countries. He noted with deep concern that Africa's external debt, as a percentage of its exports and gross domestic product, was the highest of any developing region and that the bulk of that debt was owed to official creditors. Of even greater concern was the fact that arrears were significantly driving up the total debt amount. His delegation therefore endorsed the Secretary-General's call for the conversion of all remaining bilateral debt into grants and for overall debt forgiveness. It agreed with the Trade and Development Board on the need to address the shortcomings of the Highly Indebted Poor Countries Debt Initiative. It also agreed that a comprehensive assessment of Africa's debt should be conducted by an impartial and independent body. In conclusion, South Africa, in its capacity as President of the ninth session of UNCTAD, expressed appreciation to Thailand for offering to host the Conference's tenth session.

50. *Mr. Özügergin (Turkey), Vice-Chairman, took the Chair.*

Agenda item 93: Sustainable development and international economic cooperation (*continued*)
(A/53/296, A/53/374, A/53/60, A/53/62, A/53/63–S/1998/100, A/53/69, A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/96, A/53/124, A/53/155, A/53/168, A/53/204, A/53/371–S/1998/848, A/53/396, A/53/411, A/53/412, A/53/416, A/53/447 and Corr.1, A/53/453, A/53/493, A/53/506; A/C.2/53/4)

(e) Implementation of the Programme of Action for the Least Developed Countries for the 1990s (A/53/553 and A/C.2/53/3)

51. **Mr. Wahono** (Indonesia), speaking on behalf of the Group of 77 and China, noted the importance of the agreed conclusions of the Trade and Development Board. He called for an immediate solution to the disadvantageous situation of the least developed countries in the multilateral trading system, saying that all exports from least developed countries should be accorded duty-free treatment, as recommended in the ministerial communiqué of the high-level segment of the Economic and Social Council in 1998. Such measures should be supplemented by capacity-building and diversification in the least developed countries. In that connection, he called for the rapid and full implementation of the outcomes of the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, held in Geneva in October 1997. He noted the concern of the Trade and Development Board at the uncertainty of the short-term prospects of the least developed countries, whose economies were vulnerable to external

shocks, and also noted the trade preference and technical assistance extended to small and weaker economies within the context of South-South cooperation. The South Summit, to be held in Havana in the year 2000, should give impetus to that process.

52. Although 29 of the 41 countries identified as heavily indebted poor countries were least developed countries, the eligibility process under the Heavily Indebted Poor Countries Debt Initiative was so slow that only three would qualify for additional debt relief by the year 2000. In order to ease that situation, the Initiative's eligibility criteria should be made sufficiently flexible to take into account different debt situations and to include all least developed countries truly in need of debt reduction. In that context, the Group of 77 and China welcomed the Secretary-General's proposal that all remaining official bilateral debt of the poorest heavily indebted poor countries should be converted into grants. Private investment was no substitute for official development assistance for very little private investment was going into the least developed countries. In that context, he noted that, according to the Committee for Development Policy, sustained and effective official development assistance would be required for at least 10 years in order to enable the least developed countries to generate sustained growth.

53. In conclusion, he thanked the European Union for its offer to host the Third United Nations Conference on the Least Developed Countries in 2001.

54. **Mr. Manz** (Austria), speaking on behalf of the European Union and the associated countries Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Romania, Slovakia and Slovenia, said that poverty continued to be the most serious problem facing the least developed countries. In order to fight poverty by sustaining the current positive economic growth rates, the European Union was focusing on integrating those countries into the global economy. The European Union had established specific mechanisms to ensure that the interests of those countries were taken into consideration, for example in the area of trade. The European Union was the largest single market for goods from least developed countries, and in 1998, the preferential treatment granted to African, Caribbean and Pacific States had been extended to all of the least developed countries.

55. Preferential market access by itself would not bring about effective integration of those economies. That would also require sound domestic policy frameworks and political stability along with efforts to diversify and expand production, strive for regional economic cooperation and create an enabling environment for private entrepreneurship and investment. The European Union was prepared to help by sharing its experience with regard to regional economic integration. It attached great importance to the implementation of the Integrated Framework for Technical Assistance to Support Trade-Related Activities in Least Developed Countries, a good example of broad-based cooperation at the international level. Active follow-up was important, and the European Union stood ready to support country-level programmes that would emerge through the process.

56. Aid was another important element. In that context, the European Union recalled the commitment of donor countries to achieve the target of 0.15 per cent of GNP for official development assistance to the least developed countries. Further underscoring its commitment, the European Union had indicated its willingness to host the Third United Nations Conference on the Least Developed Countries in 2001 and was looking forward to a focused and constructive discussion regarding the modalities for the Conference and its preparatory process.

57. **Mr. Kolby** (Norway) said that the debate at the most recent session of the Trade and Development Board had highlighted the fact that the improved economic performance of the least developed countries had been due to a large extent to their own sound macroeconomic policy reforms, often undertaken under very difficult domestic and external conditions. The international community must do its part to promote economic and social progress in those countries and to make the global economic environment more favourable to their development aspirations.

58. More than the rest of the developing world, the least developed countries relied on development assistance. Therefore, the Norwegian Government was working on a plan to increase its development assistance in the years ahead by placing special emphasis on poverty alleviation, improved delivery of social services, debt reduction and stimulation to the private sector. Within the framework of the Organisation for Economic Cooperation and Development (OECD) Norway was advocating the concept of united assistance to the least developed countries to enhance the effectiveness of official development assistance.

59. Norway had recently launched a comprehensive national debt relief strategy whose most notable feature was unilateral debt reduction on a case-by-case basis, additional to the reductions made under the Heavily Indebted Poor Countries (HIPC) Initiative. Least developed countries who were not members of the WTO should be assisted in their efforts to join, which would put them in a better position to

influence the future of the multilateral trading regime. Technical cooperation in the area of trade must be improved as well.

60. A central feature of globalization was the growing importance of the private sector. Without a dynamic business sector, funds would not be available for much-needed investment in physical infrastructure and the social sector. Innovative public and private partnerships would be needed to create a climate that would attract private investment. To that end, the Norwegian Government was finalizing a strategy for support to private sector development with a primary objective of seeking better cohesion between the activities of multilateral institutions and bilateral development cooperation efforts.

61. Finally, the entire United Nations system must become involved in the preparatory process for the Third United Nations Conference on the Least Developed Countries.

62. **Mr. Blankson** (Nigeria) expressed concern at the fact that the economies of the majority of least developed countries remained vulnerable to the vicissitudes of market forces despite their efforts to implement economic reforms under the Programme of Action for the Least Developed Countries for the 1990s. It was also disheartening to note that the number of least developed countries had increased from 41 in 1990 to 48. That increase was attributable to both internal factors, such as political instability, natural disasters, macroeconomic imbalances and the negative consequences of structural adjustment, and external factors, including a growing debt burden, a declining share in world trade, continuing marginalization and inadequate external financing.

63. It was incumbent on the United Nations to determine how to reverse the decline and the deteriorating socio-economic conditions in the least developed countries. Efforts must be intensified to provide the needed technical assistance and to build and strengthen the efficiency and competitiveness of weak domestic service sectors in the least developed countries.

64. Lastly, donor countries should honour their commitments with regard to official development assistance. Noting that the Heavily Indebted Poor Countries Debt Initiative was the most realistic attempt, thus far, to address the debt burden of the least developed countries, he urged bilateral official creditors to consider the cancellation or substantial reduction of debts.

65. **Mr. Yuan Shaofu** (China) said that, as a development partner, his Government was deeply concerned that the number of least developed countries was growing and that the gap between the developed and developing countries was expanding. It was regrettable that, as the end of the decade approached, the Programme of Action for the Least Developed Countries for the 1990s had not been effectively implemented.

66. The greatest challenge facing international cooperation to assist the least developed countries was the substantial discrepancy between commitments and actions. His delegation called upon the international community to take action to guarantee the full implementation of the Programme of Action. First, the developed countries should strengthen their official development assistance, including both technical and financial assistance, in order to assist least developed countries in capacity-building and infrastructure development. Secondly, international financial institutions and creditor countries should alleviate their debt burden by extending the time limit for debt servicing and reducing the net amount of debt. Thirdly, the trade agreements reached in the Uruguay Round, which were of crucial importance to the least developed countries, should be implemented.

67. His delegation would be following closely the preparations for the Third United Nations Conference on the Least Developed Countries and it hoped that the recommendations and demands of the least developed countries regarding the Conference would be given the greatest possible consideration. All sides must translate their concerns into concrete actions.

68. **Mr. Kasanda** (Zambia) said that despite the recent growth registered in the economies of the least developed countries, which had been attributed to the implementation of economic policy reforms, their share in world output and trade had continued to decline. What was most worrying, however, was the external environment which was rife with uncertainty and instability. His delegation appealed to those development partners which had not honoured their commitments to meet the agreed targets for official development assistance. An increase would go far towards enabling the least developed countries to fight poverty and enter the international economic arena.

69. Debt overhang was also putting pressure on countries which had made great progress in implementing economic reform programmes. The debt burden was an impediment to public investment in physical infrastructure and human resources and was also a deterrent to private investment. His delegation noted with concern that the traditional debt relief mechanism was not adequate to help the least developed countries to exit from the rescheduling process. The Heavily Indebted Poor Countries (HIPC) Initiative was an important

step forward but he joined the many delegations which had expressed concern over the eligibility criteria, the adequacy of debt reduction and the pace at which relief would be granted.

70. The dependence of most of the least developed countries on primary commodities had placed most such countries in an economic bind. The inability to diversify the commodity sector was another major problem, and technical and financial assistance was required to enable the least developed countries to identify and plan diversification strategies. His delegation called for the full implementation of the provisions of the Uruguay Round, especially those relating to agricultural and textile products, in order to enhance market access for their exports. Such action would go a long way towards meeting the commitments on market access envisioned in the Programme of Action for the Least Developed Countries.

71. In conclusion, he reaffirmed his Government's commitment to the latest Declaration of the Ministers of the Least Developed Countries adding that as many of those countries as possible must be involved in the preparatory process for the forthcoming Conference.

The meeting rose at 6.05 p.m.

United Nations A/C.2/53/SR.31

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Chairman: Mr. Asadi ..... (Islamic Republic of Iran)

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98-82045 (E)

The meeting was called to order at 10.10 a.m.

Agenda Item 93: Sustainable development and international economic cooperation (*continued*) (A/53/60, A/53/62, A/53/63–S/1998/100, A/53/69, A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/96, A/53/124, A/53/155, A/53/168, A/53/204, A/53/296, A/53/371–S/1998/848, A/53/374, A/53/396, A/53/411, A/53/412, A/53/416, A/53/447 and Corr.1, A/53/453, A/53/493 and A/53/506; A/C.2/53/4)

(e) Implementation of the Programme of Action for the Least Developed Countries for the 1990s (*continued*) (A/53/553; A/C.2/53/3)

1. **Mr. Phommahaxay** (Lao People's Democratic Republic) said that the international community should endeavour to create an environment in which developing countries, in particular the least developed countries, could benefit from globalization and liberalization. While it was generally acknowledged that the Bretton Woods institutions had an important role to play in containing the current financial crisis and restoring the health of afflicted economies, their resources were far from sufficient and their methods, particularly those of the International Monetary Fund (IMF), were often unsuited to the real needs of individual economies. In that regard, negotiations should be held in order to find effective and realistic ways of rehabilitating the stricken economies.

2. Official development assistance (ODA) was continuing to decline, and only a small group of traditional donor countries had continued to meet or exceed the ODA target. His delegation commended the Government of the Netherlands for its commitment not only to allocate 0.7 per cent of its gross national product (GNP) as ODA to developing countries but to increase its share to 0.8 per cent for the next four years. Other developed countries should follow that example.

3. The marginalization of the least developed countries in world trade had placed severe constraints on their ability to generate export earnings. If the developing countries, particularly the least developed countries, were offered equitable market access, the external earnings thus generated would go a long way to meeting most, if not all, of their financial needs for development and capacity-building. The international community should therefore improve market access for the least developed countries, which would include the abolition of tariffs on exports from those countries, and assist them in strengthening their capacity to participate in the multilateral trading system. There was also a need to ensure the effective implementation of the special and differential measures in favour of the least developed countries as contained in multilateral trade agreements.

4. The Lao Government continued to attach great importance to poverty eradication and would intensify its efforts to accelerate the implementation of its rural development programme by expanding market access, developing its infrastructure and improving its social services. The aim of the programme was to integrate various minorities and ethnic groups into the building of a just and prosperous society. In view of the economic constraints with which the Lao People's Democratic Republic was confronted, the international community's financial and technical assistance would be greatly appreciated.

5. His delegation welcomed the General Assembly's decision to convene the Third United Nations Conference on the Least Developed Countries in the year 2001, and thanked the European Union for offering to host the Conference. It was necessary to ensure appropriate support for substantive input in the preparatory process for the Conference, particularly with regard to the General Assembly's decision to consider the funding for participation of representatives of each least developed country, both at the preparatory committee meetings and at the Conference itself.

6. **Mr. Myint** (Myanmar) said that the least developed countries had undertaken reforms that had meant hardship and sacrifice for their peoples and had made a certain amount of progress in the midst of an uncertain and unstable external environment. The current international financial turmoil could nullify those hard-earned gains, and the international community should therefore make concerted efforts to support the least developed countries by increasing ODA, reducing or annulling their external debt and enhancing their access to world markets.

7. It was necessary to ensure that all countries had fair access to markets and were not subjected to political coercion or conditionalities. In that regard, his delegation was pleased that the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO), the World Trade Organization (WTO) and other agencies and institutions would act as arbiters for the interests of the least developed countries in all interactions concerning their welfare, even when the concerned parties were incapable of action themselves.

8. His delegation fully supported the Declaration of the Ministers of the Least Developed Countries at their Eighth Annual Meeting on 28 September 1998. It also welcomed

the General Assembly's decision to convene the Third United Nations Conference on the Least Developed Countries in the year 2001. It was essential that, in the preparations for the Conference, the necessary arrangements should be made to enable the full participation of the least developed countries themselves. His delegation hoped that the international community would make concerted efforts to implement the Paris Declaration and Programme of Action for the Least Developed Countries.

9. **Mr. Shihab** (Maldives) said that there was a critical need for a secure and equitable multilateral trading regime that would provide more trade and development opportunities for the least developed countries. While the Uruguay Round of multilateral trade negotiations and WTO had given countries greater access to markets, their benefit, particularly in the area of exports from the developing countries and least developed countries, had been disappointing. In that context, the development partners of the least developed countries should ensure effective follow-up to the results of the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, which had been held under the auspices of WTO in October 1997.

10. The current globalization and liberalization process posed serious economic threats to the least developed countries. In order to prevent the further marginalization of the poorest countries, it was important to improve the existing criteria for least developed country status. In that regard, his delegation reiterated its call for the early development of a vulnerability index for small island developing States, as called for in General Assembly resolution 51/183.

11. His delegation noted with great concern the continuing decline of ODA, which was a major external source for financing development when private capital flows were inadequate or unavailable. His delegation strongly urged the developed countries to comply with the internationally agreed target of 0.7 per cent, and to fulfil their commitments to provide new and additional resources in order to help the least developed countries integrate into the global economy.

12. **Mr. Chowdhury** (Bangladesh), speaking on behalf of the least developed countries, said that, in spite of the significant progress that had been made by the least developed countries in implementing broad-based economic reform programmes on their own, many of the global economic variables that affected the least developed countries remained uncertain. There was no indication that there would be any immediate increase in aid to the least developed countries, and the debt situation of those countries had remained virtually unchanged. No significant long-term investments had been made in the least developed countries, and there had been no breakthrough in market access for those countries. The international community had expressed its strong commitment to change that situation in the 1990 Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s and in all major global conferences held since then.

13. While the international community had recognized that the least developed countries were doing their utmost in the face of tremendous odds, it had done relatively little to help them. So far, only one least developed country had become eligible for full-fledged debt relief under the Heavily Indebted Poor Countries Debt Initiative, and the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations had yet to be fully and effectively implemented. Moreover, concern had been voiced at the slow pace of implementation of the Integrated Framework for Technical Assistance to Support Trade-related Activities in the Least Developed Countries. Although the international community had declared that it was imperative that the least developed countries should be expeditiously integrated into the world economy, the marginalization of those countries had continued.

14. The international community would have an opportunity to do something worthwhile for the least developed countries during the preparations for the Third United Nations Conference on the Least Developed Countries to be held in 2001. The international community should examine the areas where, and the reasons why, it had so far failed to implement the Programme of Action for the Least Developed Countries for the 1990s. As the focal point for the preparation of the Conference, UNCTAD had primary responsibility for conducting a complete review of the status of implementation of the current Programme of Action. The least developed countries would require assistance in their preparations for and follow-up to the Conference, which could be provided through the existing framework of integrated initiatives for capacity-building in the least developed countries.

15. **Mr. Rana** (Nepal) said that his delegation associated itself with the statement made by the representative of Bangladesh on behalf of the least developed countries. In spite of the adoption of the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s, the number of least developed countries had increased from 41 to 48 without a proportionate increase in support measures. The continued marginalization of those countries was further aggravated by falling ODA levels, a heavy debt burden, a marginal share in world trade and lack of access

to markets. Strengthened cooperation and global measures were sorely needed in order to prevent the further marginalization of the least developed countries, facilitate their integration into the world economy and achieve the objectives of the Programme of Action.

16. Poverty, hunger and disease continued to blight the lives of hundreds of millions of people living in developing countries. The status of the least developed countries had deteriorated over the years and resulted in their being pushed to the fringe of global economic activities. Progress in the areas of finance, communications and technology had eluded the developing countries in spite of their major economic and policy reforms and painful structural and sectoral adjustments. Global economic imbalances and uncertainties continued to affect the economies of the least developed and landlocked countries, and his delegation called for the increased participation of those countries in the international economic decision-making process.

17. The least developed countries urged their development partners to take measures to ensure the speedy implementation of the Programme of Action for the Least Developed Countries for the 1990s in order to enable those countries to benefit fully from the process of globalization and liberalization of trade and increased international private resource flows. Measures must also be taken to support the development efforts of the least developed countries and ensure their effective integration into the world economy.

18. His delegation welcomed the General Assembly's decision to convene the Third United Nations Conference on the Least Developed Countries in 2001, and sincerely hoped that the Conference would create an environment that would enable the least developed countries and their development partners to revitalize their partnership.

19. **Mr. Todjinou** (Benin) said that his delegation fully supported the statement made by the representative of Bangladesh on behalf of the least developed countries. The time had come to evaluate the implementation of the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s. According to the 1995 Mid-term Global Review of the Programme of Action, while certain least developed countries had recorded a slight increase in their production and a certain improvement in their growth rate, the social and economic situation in those countries had fallen short of the objectives of the Programme of Action. According to the latest UNCTAD report on the least developed countries, the 48 least developed countries as a whole had made remarkable progress in 1997, and their gross domestic product (GDP) growth rate had reached 4.8 per cent as compared to 3.2 per cent for the world economy as a whole. However, such progress had not been uniform. The growth rates of the least developed countries in Africa and Asia had fallen as a result of poor weather conditions and the effects of the Asian financial crisis.

20. The international community should continue to implement the Programme of Action for the Least Developed Countries for the 1990s in order to support economic growth and promote development in those countries. The Declaration of the Ministers of the Least Developed Countries at their Eighth Annual Meeting on 28 September 1998 clearly indicated the actions to be undertaken in that regard.

21. Foreign direct investment in the least developed countries had exceeded US$ 1.1 billion in 1996 and US$ 2 billion in 1997. However, a considerable part of those investments had been allocated to the highly profitable oil and mining industries to the detriment of agriculture and the production of goods and services. The least developed countries had received only a tiny portion of foreign direct investment in developing countries, which underscored the need to mobilize private capital for the least developed countries at a time when ODA continued to decline. The shortage of investment capital was a serious handicap for production and economic growth in the least developed countries.

22. External debt was a heavy burden for the least developed countries. While 29 least developed countries had benefited from the Heavily Indebted Poor Countries Debt Initiative, much remained to be done since debt-servicing absorbed more that one third of those countries' export earnings. Debt-servicing constituted a serious obstacle to growth and development in the least developed countries, and only a concerted effort on the part of the international community could alleviate or annul the debt of the least developed countries in the interest of humanity.

23. In the context of globalization, the least developed countries could not depend solely on their role as providers of raw materials. The international community should continue its efforts to promote industrialization in those countries, since the processing of raw materials and commodities was an essential condition for gaining access to world markets. The least developed countries accounted for only 0.4 per cent of international trade. Their capacity to participate in world trade should be strengthened, and the Government of Benin appreciated the measures that UNCTAD had taken in that regard.

24. Measures should be taken to facilitate the participation of the least developed countries in WTO. The forthcoming negotiations on agriculture were of vital importance to those

countries, since agriculture accounted for more than 40 per cent of their total production. The current multilateral trading system based on the double principle of reciprocity and mutual advantage seriously penalized the least developed countries. In particular, the least developed countries in Africa were likely to become even more marginalized if they were unable to fulfil their commitments to WTO.

25. The situation of the least developed countries called for solidarity on the part of the international community. His delegation invited the developed countries to increase substantially their financial assistance to the least developed countries in accordance with their commitments under the Programme of Action for the Least Developed Countries for the 1990s. The Third United Nations Conference on the Least Developed Countries should be prepared very carefully in order to enable the least developed countries to begin the third millennium with much more hope.

26. **Mr. Gouveia** (Mozambique) noted with concern the lack of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s and the continued decline in ODA, which had reached a record low in recent years. In order to reverse the negative trend, strategies based on partnership with the donor community must be redefined.

27. His delegation welcomed the initiatives taken by WTO, in cooperation with other organizations, to implement the Programme of Action through effective follow-up of the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development. It also welcomed the ministerial communiqué issued at the high-level segment of the 1998 substantive session of the Economic and Social Council, and reiterated the importance of the Microcredit Summit held in Washington, D.C., in February 1997.

28. The following steps should be taken in order to maximize the success of microcredit programmes: the administrative structures of microcredit programmes should be strengthened and loans should be extended to anyone who had the ability to repay; accountability must be ensured in order to avoid the risk of borrowers consuming rather than investing, and links should be established between credit unions and microfinance institutions in order to ensure long-term sustainability of microcredit operations. Without long-term sustainability, the microcredit programme launched in Washington, D.C., would be in danger of collapsing.

29. **Ms. Hye-ran Yoo** (Republic of Korea) said that her delegation appreciated the European Union's generous offer to host the third United Nations Conference on the Least Developed Countries, in 2001. In order to ensure the success of the conference, the preparatory activities should take into account the development priorities expressed by the least developed countries themselves. The conference should draw on the experiences of those countries, as well as on the lessons learned, *inter alia*, from the implementation of the Programme of Action for the Least Developed Countries for the 1990s and from other major global conferences.

30. The recent improvement in the economic performance of many of the least developed countries owed much to their own structural reform efforts; however, structural adjustment programmes should not undermine long-term development goals. The international community must assist the least developed countries in minimizing the adverse social consequences of such adjustments.

31. Despite the increasing role of private capital in development, official development assistance still played a critical and catalytic role in facilitating the development of the least developed countries. Accordingly, not only should efforts be made to reverse the overall decline of official development assistance, but the least developed countries should be given priority in the allocation of aid. Her Government had steadily increased its official development assistance over the past 10 years although the recent economic crisis had forced it to reduce its ODA; once the economy was back on track, however, it would seek to increase the volume of such assistance, including its allocation for the least developed countries.

32. She emphasized the importance of finding a durable solution to the serious external indebtedness of the least developed countries, and of facilitating the latter's integration into the world trading system, and in that context welcomed the ministerial communiqué issued at the high-level segment of the 1998 session of the Economic and Social Council.

33. **Mr. Nishigahiro** (Japan) welcomed the discussions on progress made in the implementation of the Programme of Action for the Least Developed Countries for the 1990s which had been held in the context of the forty-fifth session of the Trade and Development Board and asked the Secretariat to submit the report on that session of the Board at the earliest possible date, so that all delegations might have ample time to examine its conclusions.

34. Globalization presented both opportunities and challenges for all countries; however, in the case of those countries that had been marginalized in the process, the cost of globalization appeared to exceed the benefits. Increased support from the international community was therefore critical. In the light of the current financial crisis in Asia, it was more important than ever for the international

community to increase its support and facilitate effective integration of the economies of the least developed countries into the global economy.

35. Because of the high priority which Japan attached to supporting the least developed countries, it had organized the second Tokyo International Conference on African Development, together with the United Nations and the Global Coalition for Africa. Although the Conference had focused on the challenges that African countries and their development partners were confronting, its findings could also be applied to the least developed countries. The primary theme of the Conference had been poverty reduction through accelerated economic growth and sustainable development, and effective integration of African economies into the global economy.

36. As stated in the Tokyo Agenda for Action, the least developed countries themselves had a responsibility to eliminate or reduce supply-side constraints, while the international community should support the efforts of least developed countries to enhance their competitiveness. Continued preferential treatment remained an essential means of expanding trading opportunities for the least developed countries. However, preferences should be viewed as a transitional measure which should be utilized only in the short term. Over the longer term, the best interests of the least developed countries were more likely to be promoted by providing guaranteed, non-discriminatory and open access to markets for their products.

37. His delegation welcomed the decision to convene the third United Nations Conference on the Least Developed Countries at a high level in 2001, and commended the initiative by the European Union to serve as host. Japan intended to participate actively in the preparations for the Conference, and urged all the relevant funds and programmes and specialized agencies of the United Nations system to make a concerted effort to contribute to the preparation process and to the Conference itself.

38. **Mr. Kebede** (Ethiopia), noting that many of the least developed countries, after undertaking reforms that had caused hardship for their people, had begun to show positive growth in per capita income, said that they deserved greater support from the international community, particularly in regard to official development assistance, debt relief and market access. Accordingly, donor countries should take steps to halt the decline in official development assistance to those countries and meet their commitments, in line with established United Nations targets. He noted with concern that most of the least developed countries had not succeeded in attracting long-term investment. They needed technical and financial assistance to improve their basic infrastructure and institutional capacity, so as to enhance their ability to attract foreign investment.

39. Further efforts must be made to alleviate the debt situation of the least developed countries. It was important to relax the eligibility process of the Highly Indebted Poor Countries Debt Initiative, and donor countries should give due consideration to the proposal made recently by the Secretary-General of the United Nations to the effect that all remaining official bilateral debt owed by the poorest countries should be converted to grants.

40. Enhanced access to markets was equally vital, given the great reliance of the least developed countries on the export of primary products. In order to ensure the effective integration of the least developed countries into the global economy, the Marrakesh Ministerial Decision in Favour of Least Developed Countries and the special differential measures in favour of least developed countries promoted in the Uruguay Round agreements must be fully and effectively implemented, market access for exports of least developed countries must be further enhanced, and support must be provided for their capacity-building efforts.

41. The international community should help the least developed countries in their effort to enhance their competitiveness through vertical and horizontal commodity diversification programmes, improvement of their trade infrastructure and trade-supporting services and human development.

42. Finally, he underscored the importance of adequate preparation for the third United Nations Conference on Least Developed Countries, adding that the development priorities of the least developed countries should be taken into account and the Conference should draw on the experiences of those countries, as well as on lessons learned from implementation of the Programme of Action for the Least Developed Countries for the 1990s and from other major global conferences.

43. **Mr. Rahmtalla** (Sudan), having expressed his support for the statements delivered by the representative of Bangladesh on behalf of the least developed countries, pointed out that the preparation for the third United Nations Conference on the Least Developed Countries had topped the agenda at the recent annual coordination meeting of Ministers for Foreign Affairs of the Organization of the Islamic Conference.

44. Given the changes which had taken place in the economies of the least developed countries during 1998, it was essential for the international community to provide

ODA at the levels repeatedly agreed to at various international conferences since the 1970s; by so doing it would undoubtedly create the right climate for private sector investment. It was equally essential to devote attention to the new initiatives proposed for dealing with the external debt of the poorest and most indebted developing countries, and to implement agreements relating to increasing the opportunities for access to international markets and the transfer of environmentally sound technologies. Lastly, he remarked that the period preceding the third United Nations Conference on the Least Developed Countries provided a good opportunity for the international community to renew its will and moral responsibility and increase its efforts to prevent marginalization. It would also provide the opportunity both to accelerate integration of the least developed countries into the world economy and to strengthen initiatives aimed at building the capabilities of those countries to make an effective contribution, thus enabling them to take control of the development process.

Agenda item 98: Implementation of the first United Nations Decade for the Eradication of Poverty (1997–2006) (A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/223 and Add.1, A/53/329)

45. **Mr. Desai** (Under-Secretary-General for Economic and Social Affairs), introducing agenda item 98, drew attention in particular to the report of the Secretary-General on the role of microcredit in the eradication of poverty (A/53/223). The report did not advocate any particular policy, but rather discussed both the strengths and the weaknesses of activities in the field of microcredit, and provided information on the work of the United Nations in that area. It contained suggestions for strengthening operations, and made a plea for ensuring that microcredit projects were established in the broader context of support to the small enterprise sector. The United Nations was fully committed to supporting and promoting microcredit, and saw it as a vital tool in efforts to eradicate absolute poverty.

46. One of the key features of microcredit schemes was that they made it possible to lend small amounts of money without collateral, thus providing access to credit, as well as empowerment, for women and others in the disadvantaged sectors of society. In Bombay, for example, microcredit programmes had enabled poor widows to buy equipment and supplies at wholesale prices, and sell home-cooked meals to migrant workers who lived far away from their families.

47. Microcredit programmes were most effective when operated in conjunction with other investments aimed at expanding options for the poor, such as investments in basic social services and in small-scale infrastructure designed to improve access to markets, inputs and technology. In India, the effectiveness of microcredit programmes which enabled poor farmers to acquire milk-producing animals had been greatly enhanced by parallel investments in the whole system of milk collection, milk processing and milk marketing. On the other hand, the effectiveness of infrastructure investments could be greatly enhanced by the provision of microcredit, in order to ensure that they worked to the benefit of the poor and were not monopolized by a few people.

48. Much more needed to be done in the area of microcredit. The Secretary-General's report clearly showed that the scale at which support was being provided for microcredit still fell short of what was required. He did not agree with those who argued that the poor did not have the capacity to take advantage of options that would enable them to improve their situation. In fact, where options had been generated in a meaningful way, through microcredit and well-targeted infrastructure investments, the poor had proved perfectly capable of using them effectively for their own advancement.

49. The United Nations was fully committed to supporting and strengthening microcredit institutions. The real challenge was to work out how the international system could best enhance or support initiatives in that field.

50. He wished to refer briefly to the background document entitled *Poverty reduction strategies: A review* (ST/ESA/260), which reported on a study commissioned by the Department of Economic and Social Affairs in order to provide guidance for the orientation of the Department's operational activities. As stated in the report, while some of the allegedly beneficial consequences of microcredit for women and the hard-core poor had been questioned, it had proved an effective means of poverty alleviation. He invited members to study the report, which was available in the conference room.

51. **Mrs. Syaruddin** (Indonesia), speaking on behalf of the Group of 77 and China, expressed disappointment over the tardy issuance of the report of the Secretary-General on the implementation of the first United Nations Decade for the Eradication of Poverty (1997–2006) (A/53/329) and hoped that serious consideration would be given in future to ensuring that delegations were adequately prepared for discussion.

52. The Group of 77 and China attached great importance to the critical issue of poverty eradication; the only effective way to tackle poverty was through programmes aimed at maintaining economic growth and sustainable development.

It was discouraging to note, however, that, despite the strategies that had been developed to deal with the problem, poverty continued to grow. More ominously still, official development assistance had sharply decreased in real terms and the share committed to sustainable development and poverty eradication remained extremely low. Full implementation of the basic international agreements adopted in that connection was therefore an urgent matter. The Programme of Action of the World Summit for Social Development, for instance, had underlined the inseparable link between poverty and lack of control over resources. The eradication of poverty was an ethical, social, political and economic imperative of mankind; the poor must be integrated into mainstream development programmes. She therefore supported the focus in the Secretary-General's report (A/53/329), on the promotion of sustained economic growth and social progress, which were empowerment strategies that would enhance development opportunities for all; all Governments should share responsibility for combating poverty by consistently pursuing effective implementation of the outcomes of recent major United Nations conferences.

53. The large regional differences in poverty reduction demonstrated the need to examine poverty in the context of globalization. Effective integration of the developing countries into the world economy should help to eradicate poverty. International support to countries unable to benefit from globalization was indispensable to the success of their development efforts. Accordingly, it was essential to have an enabling environment that fostered equitable development and increased financial and technical assistance. The international community should also speed up implementation of debt relief initiatives and provide opportunities in the area of microcredit.

54. The first United Nations Decade for the Eradication of Poverty (1997–2006), which the Group of 77 and China fully supported, would generate the awareness needed to develop solidarity and partnership between and within States with a view to eradicating poverty. She likewise welcomed the programmes for the exchange of national experiences concerning target-setting for poverty reduction and eradication, as well as the support of the international community in that regard, and expressed her appreciation of the United Nations efforts to enhance inter-agency coordination which, she hoped, would result in measures to support the efforts to achieve the objective of the Decade. The Group of 77 and China looked forward to participating in a review of the Decade's implementation with a view to evolving concrete action to address the constraints faced by the developing countries in the field of poverty eradication.

55. **Mr. Wedenig** (Austria), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovakia and Slovenia, and, in addition, Iceland, said that the three main elements in poverty eradication strategies were, firstly, the promotion of sustainable growth, with due attention paid to issues of equity and social justice as integral elements of economic policy, secondly, development of the social sectors and, thirdly, the promotion of popular participation and good governance.

56. Economic growth was the most important factor in the achievement of lasting poverty reduction. Accordingly, the premise which now guided all major instruments in development cooperation was the formulation of deliberate policies and strategies to reduce inequality and fight social exclusion by empowering the poor, in particular poor women, to participate actively in economic, social and political life and share in the fruits of development. Access to capital was another essential factor for the creation of growth, in which context he welcomed the Secretary-General's report on the role of microcredit in the eradication of poverty (A/53/223).

57. The establishment of efficient and accessible basic social services for all was another important factor in the fight against poverty, for human and social development were essential to improving economic competitiveness and achieving sustained economic growth. Such factors should therefore form the core of macroeconomic policy design and implementation. It was also essential to ensure a sufficiently high level of financial resources through mechanisms such as the 20/20 Initiative, launched at the World Summit for Social Development, to which the European Union attached great importance.

58. Thirdly, as the Secretary-General had stated (A/53/1), good governance was perhaps the single most important factor in eradicating poverty and promoting development. Securing respect for human rights and the rule of law, promoting accountability and transparency in public administration and enhancing administrative capacity were all imperative for poverty eradication strategies. It was also vital, however, to reinforce the means and capacities for stakeholders to participate in the formulation and implementation of social and economic policies through decentralization and open management of public institutions.

59. The European Union welcomed the idea of a joint panel of the Second and Third Committees on poverty, human rights and development, and stood ready to support the work of the new mechanisms established under the Commission on Human Rights with a view to the more

effective realization of economic and social rights and the right to development. It also supported the elaboration of benchmarks and indicators of the progress made in the realization of economic and social rights, which had proven relatively difficult to measure.

60. Women accounted for more than two thirds of the world's poor. The empowerment and autonomy of women was therefore crucial to the eradication of poverty, as was the improvement of their social, economic and political status, their enjoyment of equal rights and their full participation in the decision-making process. It was also crucial to ensure that girls and women had equal access to education and basic social services and to introduce mainstreaming and positive action as complementary strategies, as well as integrate a gender perspective into macroeconomic analysis and planning. In that connection, believing that legislative and administrative reforms should be undertaken to ensure that women had full and equal access to economic resources, the European Union attached great importance to the high-level segment of the Economic and Social Council due to take place in 1999.

61. Substantial and targeted official development assistance remained of paramount importance to the poorest countries and most vulnerable sectors of society in particular; accordingly, aid programmes should be formulated with poverty eradication as their overriding objective. The European Union was committed to accomplishing measurable progress towards achievement of the ambitious international development targets agreed for the twenty-first century. As Amartya Sen, 1998 winner of the Nobel Prize for economics, had said, poverty was not a problem of there *being* not enough goods available, but rather a problem of *some* people not being entitled to those goods.

62. **Mr. Chowdhury** (Bangladesh) said that the first United Nations Decade for the Eradication of Poverty provided the international community with a fresh opportunity to rally energies for the realization of an objective that was now long overdue. Microcredit, as a tool that could be used synergistically with other measures to combat poverty, as the General Assembly itself had recognized at its fifty-second session. Thanks to the efforts of the Friends of Microcredit at the United Nations, who had contributed immensely to raising awareness of the issue, microcredit had been incorporated into the programmes of various United Nations bodies. He drew the Committee's attention to the microcredit successes listed in paragraphs 18 to 25 of the Secretary-General's report on the role of microcredit in the eradication of poverty (A/53/233) and to the information kit presented by United Nations agencies at the follow-up meeting to the Microcredit Summit, held in June 1998. He cautioned, however, that concerted international efforts were paramount to achieving the goals of the Microcredit Summit.

63. The dream of a poverty-free world had been the driving force in the expansion of microcredit. In the context of that progress, it was distressing that the Secretary-General's report (A/53/223), while generally supportive of microcredit, included some unsubstantiated and adverse remarks on microcredit some of which contradicted what the Secretary-General had acknowledged in other statements. A number of ambassadors had met with the Under-Secretary-General for Economic and Social Affairs to draw attention to the incongruities in the report, their comments would be circulated to the members of the Committee.

64. In particular, the report had missed an opportunity to explore how much more the United Nations could do to realize the promise of microcredit. It was particularly disappointing that the Department of Public Information had given broad coverage to the relative remarks. The United Nations must project the correct perspective and not lead the public to draw incorrect conclusions.

65. **Ms. Montoya** (United States) said that while there was no single remedy for poverty there were many tools for attacking it. The Secretary-General's report on microcredit discussed one invaluable tool of economic and social development. At the 1997 Microcredit Summit, Mrs. Clinton had endorsed the conclusion that microcredit could lift individuals out of poverty, create jobs, promote businesses and build capital in depressed areas. The international donor community should help to strengthen microcredit and microfinance institutions, while supporting necessary policy reforms.

66. The very poor were among the hardest-working people, but hard work alone was not enough to break the cycle of poverty. Microfinance was one of the most effective tools of the United States Government in fostering bottom-up growth. The micro-enterprise initiative of the United States Agency for International Development (USAID) included a range of financial services, of which microcredit was one critical element. Access to other financial products was also important in the essential process of building capital for the future. The poor had the right to plan for emergencies and opportunities, and Governments had the obligation to ensure that they could.

67. Financial services alone were not sufficient: investment was also needed in non-financial components such as business development services, policy reforms, applied research and impact studies, and dissemination of

best practices. Such programmes reflected the belief that sustainable and just economic development must benefit all sectors of society, including poor women. Governments had a key role to play in alleviating poverty, which had to be a national priority for the whole population. However, the primary role of Government should be to provide basic services, support the efforts of civil society, and, most importantly, ensure an adequate regulatory and supervisory structure. The direct provision of credit and other financial services was not an appropriate role for Governments; their role was to act essentially as facilitators.

68. The wisest policy which a Government could adopt was to lay a sound foundation for sustainable economic growth. That meant open markets, transparent regulatory systems, strong financial oversight, and participatory decision-making. Participation had in fact been emphasized by UNCTAD in *Least Developed Countries: 1998 Report*. Most people knew what was best for them, and the poor themselves could increase the chances for success of poverty-alleviation measures. They must be involved in every step of the development process.

69. **Mr. Kolby** (Norway) said that Norway supported the report's conclusion that finding a solution to global poverty was one of the main tasks of the multilateral system.

70. The eradication of poverty called for a partnership between the haves and the have-nots both within and between nations. The failure of developed countries to meet the target of 0.7 per cent of GDP for ODA was deeply regrettable. Norway was already well above that target and committed to increasing its contributions to 1 per cent. However, the prime responsibility for development lay with the developing countries. ODA was unlikely to increase unless the taxpayers of the North saw that the resources were being put to good use. Moreover, ODA alone could not lift a country out of poverty. The Governments of the recipient countries must create a political and economic environment capable of attracting foreign capital, *inter alia*, by ensuring respect for human rights and adapting sound economic policies and broadly based social investment programmes.

71. Poverty eradication also required investment in people, in their health and education. The follow-up to the Oslo meeting on the 20/20 Initiative had recently taken place in Viet Nam. The Initiative was more directly targeted at the poor than most other means of intervention. United Nations and World Bank studies had shown that few investments yielded a better return than investment in primary health and basic education. Norway had supported microfinance activities for a number of years, and had been a main contributor to the Grameen Bank. The Secretary-General's report pointed out the weaknesses of that approach; it was important to stress that support for microfinance must not be at the expense of other means of reaching the poor, for there were groups of people who were not able to benefit from lending.

72. It was important never to forget the poorest of the poor. Seventy per cent of the world's poor were women. The gender perspective must in fact always be borne in mind, for experience and research had shown that focus on women was a good strategy for development. Investment in girls' education, for example, led to higher productivity, lower infant and maternal mortality, and lower fertility. Poverty was also more extreme in some regions than in others. Norway regarded the Highly Indebted Poor Countries Debt Initiative as the most constructive multilateral relief scheme launched to date. It was also making its contribution through a new national debt relief strategy, which supported the multilateral schemes through bilateral debt-reduction measures.

73. **Mr. Shen Guofang** (China) said that the eradication of poverty was an important yardstick of human progress and a goal long pursued by the peoples of all countries. The Decade represented another step forward in the process. However, a third of the population of developing countries still lived in poverty, 800 million people did not have sufficient food, and 12 million children died every year before the age of five. All too frequent use of sanctions against developing countries had made matters worse, and the Asian financial crisis had shown that economic globalization was posing new challenges to the eradication of poverty. Poverty was a brutal violation of human rights, and its eradication was a common responsibility of mankind. Poverty was a deep-rooted illness, but it could be cured. The key was to attack the illness at its roots. The international community must create a favourable environment and provide the means to help countries to lift themselves out of poverty through their own efforts.

74. The Decade should concentrate on four main needs. Firstly, the need to explore ways of forestalling the emergence of large-scale new poverty from economic turmoil. Secondly, the need to create a domestic and international environment conducive to economic growth; a domestic policy of sustained growth with equity required the support of international measures such as improved trade conditions, solution of the debt problem, increased capital flows, and transfer of technology. Thirdly, the need to break the vicious circle of poverty by mobilizing domestic and international resources; one top priority should be to meet the agreed ODA targets. Fourthly, the need to involve the poor, for nobody was more eager for a better life; their

potential must be brought into play in transforming poverty-eradication programmes into their own concrete actions.

75. Economic growth was the basis of social development and the key to poverty eradication, as China's own commitment to developing the economy and improving living standards had shown. In the past 20 years, 125 million Chinese people had been lifted out of poverty, but there were still 50 million living in poverty, including 20 million in remote backward areas. The Chinese Government had set itself t : difficult goal of eliminating absolute poverty by 2000. It intended to mobilize the whole of society, ensuring that everybody was a participant as well as a beneficiary. It would also draw on the useful experience of other countries and would remain an active participant in international cooperation for the eradication of poverty.

76. **Ms. Suzuki** (Japan) said that Japan supported the activities of the United Nations in the context of the Decade. However, there was no single answer to what was a complex phenomenon. Income and employment were important but not the only issues. The eradication of poverty needed to be tackled in an integrated manner by accelerating economic growth, with emphasis on the poor, working more effectively to achieve social goals, and protecting the environment in a context of sustainable development. Capacity-building was critical, for it unleashed people's creative energies to take full advantage of the opportunities offered. Capacity-building to combat poverty was the prerequisite for sustainable development and prosperity.

77. An output-oriented approach should be taken by all development actors: the expected outcome must be spelled out and the performance evaluated against benchmarks. The results should then be fed back into new activities. Such an approach should make use of the comparative advantages of each organization. The United Nations system enjoyed a comparative advantage in terms of its impartiality and universality and the wide range of its activities; it also played a valuable role as advocate. The organizations of the system should therefore actively coordinate their activities with each other and with other development actors. All agencies involved, including the Bretton Woods institutions and civil society, must collaborate with the United Nations system on the basis of common targets and an output-oriented approach. Collaboration with NGOs should be further encouraged since their grass-roots activities yielded comparative advantages. Eradicating poverty was the primary focus of Japan's development cooperation programmes. The poverty reduction conference which it had organized in July in conjunction with the Netherlands and UNDP had explored means of reducing by one half by 2015 the number of people living in extreme poverty. The second Tokyo International Conference on African Development, organized in conjunction with the United Nations Global Coalition for Africa, was another example of Japan's efforts to combat poverty. The Conference had adopted the Tokyo Agenda for Action.

78. Japan welcomed the initiatives to promote microcredit, which was an effective means of helping the poor. In that connection it commended UNDP for its MicroStart Programme and the United Nations Capital Development Fund for its local development funds programme. Japan actively supported microcredit initiatives through the Consultative Group to Assist the Poorest and its contribution to the Japan Women-In-Development Fund of UNDP, under which it would support programmes in Bangladesh, Jamaica, Ghana, Cambodia, Kenya, and the Indo-China region.

79. More than ever before, there was a need for all development actors to work together in tackling the issue of poverty. Developing countries should be encouraged to incorporate poverty reduction measures in all development policies and produce poverty reduction strategies with time-bound goals and targets. The international community should increase its support for such efforts, monitor the progress made, and encourage policy adjustments. The United Nations system should step up its work as advocate and initiator of anti-poverty measures.

80. The Japanese delegation wished to point out in conclusion that it was important to receive the Secretary-General's reports in good time if delegations were to prepare for the debate. It was regrettable that the reports under the item had not been available in good time.

81. **Mr. Bwiswmuthiari** (India) said that no item was more central to the aspirations of the United Nations than the implementation of the Decade. All the Organization's other accomplishments would be judged in the light of its responses in that area. Two of the main factors contributing to poverty were lack of control exercised by marginal communities, particularly indigenous and tribal groups, over economic resources, and distortions in the regional distribution of such resources; the root causes of such uneven economic development must be tackled. India and other developing countries had adopted national measures to eradicate poverty, but much remained to be done at the international level by way of the mobilization of additional concessional resources for economic and social development among the target groups. The problem of declining resources had been highlighted by many delegations: success in the current endeavour would only be possible through a partnership between domestic policies and external support.

82. The development strategy must combine broad economic growth with programmes aimed at specific population groups, particularly groups deprived of socio-economic rights and benefits for historical reasons. Equally important were the gender issue and the need to recognize the productive potential of women and abolish discrimination against them. The strategy must also take account of the rights of children and the needs of youth. The specific programmes should include employment programmes, nutritional, educational and health programmes for women, and mass literacy programmes, together with provision of an alternative market allowing poor people to meet their basic needs at an affordable cost.

83. India had implemented a rural employment programme to generate about 1,000 million man/days of work per year in the country's most remote and backward areas. A massive self-employment programme had been undertaken in the micro-enterprise and small-business sector, and integrated services were being delivered to children aged under six and pregnant and nursing mothers through the programme on integrated child development services. A network of fair-price shops offered the essential goods, and a revamped public distribution system was operating in the remote areas, selling such goods at below-market prices. A scheme for the economic empowerment of women was also operating through 120,000 branch post offices in rural India.

84. Assessment of the implementation of the Decade provided an opportunity to identify constraints and produce viable responses. Although hundreds of millions of people had been freed from poverty, millions more had fallen under its yoke. The recent financial crisis in Asia had underscored the impact which the global economic environment had on efforts to eradicate poverty and the need for an international strategy which complemented national efforts. India had noted the information contained in the Secretary-General's report. Much remained to be done, and there must be greater rigour in identifying the obstacles and devising measures to overcome them.

The meeting rose at 1.05 p.m.